



Gofal Cymdeithasol **Cymru**  
Social Care **Wales**

**CYFARFOD BWRDD / BOARD MEETING: 22.06.17**

**EITEM/ITEM:** 6

**TEITL/TITLE:** Terms of Reference: Audit and Risk Committee  
**SCW/17/12**

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**ATODIADAU/APPENDICIES:**

**Appendix 1** Social Care Wales Audit and Risk Committee  
Terms of Reference

**TRAFODWYD YN FLAENOROL YN/ITEM PREVIOUSLY DISCUSSED AT:**

Executive Management Team meeting 06.06.17  
Audit and Risk Committee 22.06.17

**PENDERFYNIAD / DECISION:**

The Board is invited to **consider** and **approve** the Terms of Reference.



# Gofal Cymdeithasol **Cymru**

## Social Care **Wales**

### **Audit and Risk Committee**

#### **Terms of Reference**

#### **1. What is the Audit and Risk Committee?**

- 1.1 The Audit and Risk Committee is a Committee of the Social Care Wales Board. It works within the same governance processes that apply to the Board. The Audit and Risk Committee is a mandatory Committee as set out in the Model Governance Framework.
- 1.2 The purpose of the Committee is to support the Accounting Officer (Chief Executive) and the Board in monitoring the organisation's governance arrangements, risk management and internal controls.
- 1.3 The Committee has been given authority by the Board to make certain decisions, and the terms of reference explains what decisions the Committee can make. However the Board is still responsible and accountable for all the decisions and actions taken in its name. This means that the Board has the right to change or overturn any decision or action of the Audit and Risk Committee if it feels it goes against Social Care Wales policy or it goes against the Board's interests.
- 1.4 The terms of reference will be reviewed formally annually to make sure that they are up to date.

#### **2. Powers and Responsibilities of the Committee**

- 2.1 The standing orders for Social Care Wales sets out how Board and Committee meetings should be run – this includes the the Audit and Risk Committee. The Committee will also follow the framework and advice set out in Social Care Wales's Model Governance Framework and Scheme of Delegation, *Managing Welsh Public Money*, which tells us how public bodies in Wales should use their money, and any guidance issued by the Treasury and/or Welsh Government that may be relevant.

- 2.2 The Committee's role is to advise the Board and it is authorised by the Board to investigate any activity within its terms of reference.
- 2.3 The Audit and Risk Committee may also establish and disestablish task and finish groups to consider matters related to its terms of reference if it feels this is necessary to fulfil its responsibilities.
- 2.4 No one other than Board members of the Audit and Risk Committee will have voting rights.
- 2.5 The Audit and Risk Committee may:
- ask external advisors to provide specialist skills, knowledge and experience;
  - ask any member of staff of the Social Care Wales to attend to assist it with its discussions on any particular matter; and
  - ask any or all of those who normally attend but who are not members to withdraw to allow open and frank discussion of particular matters.
- 2.6 The Audit and Risk Committee has the power to request attendance by any member of staff or Board Member to its Committee meetings or working groups in order to answer questions or provide information relating to their roles and accountabilities.

### **3. Responsibilities – the role of the Committee**

- 3.1 The Audit and Risk Committee will provide support, advice and guidance to the Chair, Chief Executive and the Board by reviewing and providing assurances on:
- the strategic processes and effectiveness of risk management, internal control and governance
  - the Governance Statement, accounting policies and the statutory annual accounts of the organisation, including the process for review of the accounts before their submission for audit, levels of error identified, and management's letter of representation to the external auditors
  - the audit strategy and the planned activity and results of both internal and external audit
  - adequacy of management response to issues identified by audit activity, including external audit's management letter
  - assurances relating to the corporate governance requirements for the Board
  - appoint Internal Audit provision and reviewing their effectiveness on an annual basis
  - anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

3.2 In terms of effectiveness and impact of our work the Committee will identify areas of Social Care Wales business for effectiveness reviews. The Committee will monitor how Social Care Wales learns from these reviews and how this contributes to improved performance.

#### **4. Scope – the business areas of focus**

4.1 The Audit and Risk Committee will recommend the organisation’s Annual Statutory Accounts for the approval of the Board.

4.2 The Audit and Risk Committee has the following delegated responsibilities:

##### **Strategy and Direction**

- Provide a steer on the governance and risk arrangements
- Inform and respond to consultations on governance matters on behalf of the Board.

##### **Accountability**

The Audit and Risk Committee will consider:

- the Internal Auditors’ annual report regarding the effectiveness of Social Care Wales’s internal control and risk management systems
- the Internal Audit’s three year strategic audit plan, and annual plan
- the annual management letter from the external auditors and will agree the action of the recommendations, where appropriate, by the Audit and Risk Committee
- the appointment of the Internal Auditors

The Committee will review and consider:

- the processes for ensuring the effectiveness of the financial and other internal control systems
- relevant reports from the National Assembly, Welsh Government, HM Treasury, the Wales Audit Office and other organisations, and monitor the implementation of relevant recommendations
- the compliance of Social Care Wales with mandatory requirements set out by the Welsh Government and HM Treasury
- Social Care Wales’s policy on fraud including any action taken under that policy, and to ensure that all significant issues have been properly investigated, and reported as appropriate
- the assurance provided by external audit, internal audit and any other sources for ensuring compliance with the organisation’s corporate governance requirements.

The Committee will advise:

- the Board on the selection and appointment of internal auditors, their engagement and the scope of work undertaken
- whether Social Care Wales has adequate systems and procedures in place to promote economy, efficiency and effectiveness.

The Committee will scrutinise:

- risk management arrangements
- the performance and effectiveness of external audit
- the scope and effectiveness of the internal auditors, which shall include the planning and operation of work
- the co-ordination between the internal and external audit functions
- the external auditors' annual report and monitor compliance with its recommendations.

### **Appointments and Authorities**

Approve the Terms of Reference, to include delegation of authority, and membership of Task and Finish Groups relating to this committee.

### **Strategies and Policies**

Approve:

- the strategic processes for risk, control and governance
- Social Care Wales's processes for the assessment and management of risk, including the risk register
- the appointment of Internal Audit
- Social Care Wales's Annual Statutory Accounts and Governance Statement prior to submission to the Board.

Consider and provide a steer to the Board on:

- strategic processes for risk, control and governance
- annual governance statement
- Committee terms of reference.

The Audit and Risk Committee will meet annually and in private with Social Care Wales's external auditors and the Head of Internal Audit.

### **Miscellaneous**

Undertake any other matters as requested to do so by the Board

## **5. Review of effectiveness**

- 5.1 The Accounting Officer will ensure there are regular opportunities to review the effectiveness of the arrangements for external members of the Audit and Risk Committee and formally recognise their contribution to the Committee and organisation.
- 5.2 The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

## **6. Role and Responsibilities of the Chair**

6.1 The role of the Chair of the Audit and Risk Committee is an important element in achieving effectiveness. Good practice guidance and training will be provided.

6.2 The Chair of the Audit and Risk Committee should:

- ensure that minutes are produced for each meeting for information to the Board
- decide whether any additional reports or items should be prepared from the Audit and Risk Committee to the Board and the Accounting Officer on specific issues
- meet any newly appointed members as soon as possible after their appointment
- meet as required with the Accounting Officer and Chair of the Board
- meet at least once a year with Internal and External Auditors
- provide an annual assurance report to the Board on the work programme delivered by the Committee

6.3 A deputy Chair will be appointed, in line with the standing orders, to deputise in the absence of the Chair of the Committee.

## **7 Role and Responsibilities of members**

7.1 Members of the Audit and Risk Committee are responsible for:

- bringing their experience and knowledge to monitor and review plans, reports and policies
- providing helpful ideas on how the plans, reports and policies will meet the aims of the organisation
- scrutinising the management information relating to the plans, reports and policies
- being open to ideas and work to reach compromises if required
- attending meetings regularly.

## **8. Appointment and Membership**

- 8.1 The Chair and the members of the Committee shall be appointed by the Chair of the Board. The Chair of the Audit and Risk Committee will normally be a member of the Board.
- 8.2 The Committee will include a minimum of four members of the Board with specific and appropriate skills and experience.
- 8.3 The Board may appoint up to two independent non-board members with relevant professional expertise on to the Committee.
- 8.4 No member of the Audit and Risk Committee may also be a member of staff, or have any executive authority for the management of Social Care Wales.
- 8.5 A quorum of three members will allow for the Committee to carry out its business. The independent member can be included in the quorum.
- 8.6 A member can sit for a maximum of two years on the Committee. This may be extended by the Chair of the Board depending on the composition of the Committee at the time.
- 8.7 The Chair of Social Care Wales is an ex-officio member of all Board Committees and should be regarded as additional to the specified membership.
- 8.8 The Chief Executive in her role as Accounting Officer and the Executive Directors will normally attend the meetings as will representatives of Internal Audit, Wales Audit Office and the Welsh Government.

## **9. Reporting and Review**

- 9.1 The minutes of the meetings will be approved by the Chair of the Audit and Risk Committee.
- 9.2 Approved minutes of the Audit and Risk Committee will be made available on the members' portal.
- 9.3 The Committee will provide the Board with an Annual Report summarising its conclusions from the work it has done during the year.
- 9.4 The Chair of the Audit and Risk Committee will have the right to bring to the Board's attention any matters of concern.

## **10. Meeting schedule and Support to Committee**

10.1 The Audit and Risk Committee will normally meet four times a year. The Chair may convene additional meetings as deemed necessary.

10.2 The Board may ask the Committee to convene further meetings to discuss particular issues on which it wants the Committee's advice.

## **11. Access**

11.1 Representatives of external and internal audit will have free and confidential access to the Chair of the Audit and Risk Committee.

**Terms of Reference agreed by the Board on ##### 2017**