

## Terms of Reference – Audit and Risk Assurance Committee

### Purpose

1. The Audit and Risk Assurance Committee (ARAC) will support the Board and Accounting Officer (the Chief Executive) by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, and the integrity of financial statements and the annual report.
2. It will be for the Board to define and communicate the company's risk appetite, and how it manages key risks. Responsibility for risk management and internal control will lie with the Board. However, the oversight of this will be delegated to the Audit and Risk Assurance Committee.

### Role

3. The role of ARAC is to advise the Board and Accounting Officer on:
  - the strategic processes for risk, control and governance and the Governance Statement;
  - the organisation's approach to risk management, and satisfying itself of the way that risk is managed within the organisation;
  - the governance and internal control of the organisation;
  - anti-fraud policies, whistleblowing processes and the arrangements for special investigations within the organisation;
  - the adequacy of management response to issues identified by audit activity, including those issues identified by external audit; and
  - the adequacy of arrangements within Qualifications Wales for internal audit (including the annual internal audit plan), external audit and corporate governance matters, including the preparation of Qualifications Wales' financial report and annual report;
4. It will also oversee the re-procurement of the internal auditor.
5. ARAC will maintain oversight of IT security

### Membership and Attendance

6. The Committee will usually have four members. The Members of the Audit and Risk Assurance Committee are:
  - Angela Maguire-Lewis, Board Member – Chair
  - Isabel Nisbet, Board Member
  - Jayne Woods, Board Member
  - David Jones, Board Member
7. Members of the Committee are appointed by the Chair of the Board who reserves the right, under the Boards scheme of delegation, to add or remove members to meet the needs of the organisation.

8. The CEO and Executive Director – Corporate Resources should attend the Committee but will not be members of the Committee. Other members of staff or external advisors may also be required to attend from time to time to assist the Committee in the discharge of its duties.
9. Representatives from the internal audit provider and external audit (Wales Audit Office) will also be invited to every meeting of the Audit and Risk Assurance Committee.
10. The **quorum** for Audit and Risk Assurance Committee meetings will be three members.
11. Qualifications Wales' Sponsor Unit, as representatives of Welsh Ministers, will be invited to Audit and Risk Assurance Committee meetings, to attend as **observers**, recognising that there will be some matters for discussion where it may not be appropriate for Welsh Government staff to be present. Sponsor Unit officials will not have any function at these meetings other than to evaluate the propriety with which Qualifications Wales' activity and expenditure is conducted. Qualifications Wales will share the agendas for all Audit and Risk Assurance Committee meetings with the Sponsor Unit, who may request to attend a meeting of relevance, or to review the minutes of any meeting.

### Support

12. The Committee will be **supported by** the Head of Corporate Governance, who will be the Committee's main liaison with the organisation and the external auditors – the Wales Audit Office (WAO), administer the secretariat, facilitate Committee induction, and provide advice and information to Committee members (particularly in relation to the organisation's audit and risk activities) at and between meetings, ensuring that effective arrangements are made for ordinary and special meetings.

### Modus Operandi

13. The Committee will receive **reports as appropriate**, for example from the organisation's Chief Executive Officer. It will report to the Board via its minutes (presented by the Chair to the Board), and regular reporting.
14. It is proposed that the Committee will meet **4 times per year** in a timely enough manner to co-ordinate the preparation of a most up-to-date statement on audit and risk assurance for the organisation to be presented to the Board. The Committee may operate and meet ex-Committee where appropriate to fulfil its business.
15. During the course of its meetings, the Committee will examine the organisation's:
  - structures / arrangements Financial management and reporting arrangements
  - Internal controls/systems
  - Risk assurance and management processes
16. At the appropriate times, it will also consider internal and external audit, and its own performance, and may sit in private sessions that exclude attendance by non-members.
17. The Committee shall produce an annual assurance report to the Board providing a report of its activities and opinion of the organisational position in relation to its remit.

18. At least once a year, the Committee will hold a separate meeting with representatives of the Wales Audit Office and the Internal Audit provider to discuss any specific issues or more general matters each may wish to raise.

November 2019