

Home Office Audit and Risk Assurance Committee Terms of Reference

Purpose of the Committee

1. The Home Office Supervisory Board (hereafter referred to as ‘the Board’) has established an Audit and Risk Assurance Committee (ARAC) as a sub-committee of the Board. The Committee will support them in their responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer’s assurance needs and reviewing the reliability and integrity of these assurances.
2. In the context of these Terms of Reference the Home Office includes all its associated Agencies and Non Departmental Public Bodies (NDPBs).

Membership

3. The ARAC will be constituted of:

Members:

- John Allan - Chair: Non-Executive Director of the Supervisory Board
- Val Gooding - Deputy: Non-Executive Director of the Supervisory Board
- Katherine Kerswell - Audit Chair of UKBA
- Anne Tutt - Audit Chair of IPS
- Peter Conway - Independent Committee Member

Standing Invitees:

- Helen Kilpatrick - Permanent Secretary (Acting)
 - Peter Kane - Director General of Finance and Commercial (Acting)
 - Ilona Blue: Director – Finance and Performance (Acting)
 - Christopher Westwood – Chief Internal Auditor
 - Amanda Mcfeeters – Head of AFU
 - Michael Newbury - NAO Director
4. Chairs from the higher risk business areas within the Home Office group will be invited (optional attendance where appropriate), including:
 - Audit Chair – IPCC
 - Audit Chair – SIA
 - Audit Chair – OISC
 - Audit Chair – SOCA
 - Audit Chair – DBS

Reporting

5. The Audit and Risk Assurance Committee will formally report in writing to the Board and Accounting Officer after each meeting. These reports will be submitted to the Board Secretariat for circulation to members and inclusion on the agenda of future Board meetings.
6. The Committee will provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement summarising its conclusions from the work it has done during the year.
7. The Committee will ratify the audit plans for the Home Office group as a whole, as part of its supervisory role to ensure the totality of the audit plans are appropriate and focussed on the key risk areas across the group.
8. The Terms of Reference for the Committee will be reviewed annually and will be presented to the Board.

Responsibilities

9. The Audit and Risk Assurance Committee has been established and will function in accordance with the 'Audit Committee Handbook' as published by HM Treasury.
10. The Committee will advise the Board and Accounting Officer on:
 - the strategic processes for risk, control and governance and the Statement on Internal Control (Governance Statement);
 - the accounting policies (annual review), the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
 - the planned activity and results of both internal and external audit;
 - the 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 organisation;
 - assurances on information handling including status of implementation of recommendations made in the Hannigan Report;
 - (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
 - anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;
 - any value for money issues arising.
 - the Departmental High Level Risk Register in conjunction with other sources of assurance.
 - internal Audit issues raised across the Home Office group, to highlight common concerns across the Home Office.
 - provide assurance to the Principle Accounting Officer on the resource accounts and their preparation.

11. The Audit and Risk Assurance Committee will have the added responsibility for scrutinising the mechanism by which the Department manages its risks, with the right to conduct specific detailed reviews against the risk management function as it sees fit, with a view to providing assurance on the mechanism and not the detailed risk management on specific risks. Detailed reviews may include:
- Preparation of business areas/central finance for Clear Line of Sight account production;
 - Compliance with transparency requirements;
 - Business continuity planning strategy scalability in the context of Olympics, through identified strike action to “normal” provisions for fire, flood, etc;
 - Application of risk management frameworks across the group;
12. The Audit and Risk Assurance Committee will periodically review its own effectiveness and report the results of that review to the Board.

Rights

13. The Audit and Risk Assurance Committee may:
- co-opt additional members for a period of initially up to a year to provide specialist skills, knowledge and experience;
 - procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

Access

14. The Chief Internal Auditor and the representative of External Audit will have free and confidential access to the Chair of the Audit and Risk Assurance Committee.

Meetings

15. The Audit and Risk Assurance Committee will meet at least four times a year. The Chair of the Audit Committee may convene additional meetings, as they deem necessary:
- a minimum of three of the six members of the Audit Committee will be present for the meeting to be deemed quorate;
 - Committee meetings will normally be attended by the Accounting Officer, the Director General of Finance and Commercial, the Finance Director, the Chief Internal Auditor, and a representative of External Audit;
 - the Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
 - the Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;
 - the Board or the Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee’s advice.

- the overall strategy around timing of audit committee meetings will be co-ordinated as a joint exercise between Finance and Internal Audit across the HO group. This is to populate an annual timetable of all audit committee meetings with a proviso of moving to prescriptive timetabling in respect of accounts preparation.

Links to other Committees

16. The Audit and Risk Assurance Committee supports the Board in its role in respect of risk management by providing assurance on the risk management process.
17. The Department has a separate Risk Committee which is an executive group. This reviews and monitors the main risks to the Home Office and advises the Executive Management Board on what should be included on the corporate register, the effectiveness of mitigation measures and the maturity of risk management procedures across the department. It is chaired by the Director General, Financial and Commercial.

INFORMATION REQUIREMENTS

For each meeting the Audit and Risk Assurance Committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register to include information risk;
- a report on information assurance activity;
- a progress report from the Chief Internal Auditor summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - changes to the Periodic Plan;
 - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.
- a progress report from the various audit Committees' including:
 - summary table of all reports cleared
 - a list of all reviews due within the next period to the subsequent Audit Committee meeting
 - summarised key risks and issues raised
- all Amber/Red or Red Internal Audit reports for the Core Department, once cleared by the individual Subsidiary Audit Committee (SAC).

As and when appropriate the Committee will also be provided with:

- proposals for the Terms of Reference of Internal Audit;
- the Internal Audit Strategy;
- the Chief Internal Auditor's Annual Opinion and Report;
- Quality Assurance reports on the Internal Audit function;
- the draft accounts of the organisation;
- the draft Statement on Internal Control (Governance Statement);
- a report on any changes to accounting policies;

- External Audit's management letter;
- External Audit Strategy;
- External Audit's ISA 260 Report to those Charged with Governance;
- NAO's value for money reports;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit.
- Fraud Risk and Threat Assessment update.

Home Office Audit and Risk Assurance Committee – Who’s Who

John Allan – Non Executive Board Member of the Supervisory Board

John Allan is the Chairman of Dixons Retail, Worldpay, Care UK and a senior advisor to Deutsche Bank and AlixPartners. He is also Chairman of the DHL Foundation and a Regent of the University of Edinburgh. Prior to 2009 when he retired from full time work he was the CFO of Deutsche Post DHL. From 1994 to 2005 he was CEO of Ocean Group (subsequently renamed Exel plc). Since January 2013, he has been appointed as a Non Executive Director of Royal Mail Group.

Val Gooding – Non Executive Board Member of the Supervisory Board

Val is Chairman of Premier Farnell plc. She is a Non Executive Director of Standard Chartered Bank plc, XL Group plc, the Lawn Tennis Association and lead Non-Executive Director at the Home Office.

Val was Chief Executive of Bupa for 10 years until May 2008. Prior to joining Bupa, she held several senior positions at British Airways. She has been a Non Executive Director of the BBC, J. Sainsbury plc, Compass Group plc, BAA plc and CWC Communications plc and a member of the Council of Warwick University, Chairman of the Advisory Board of the Warwick Business School and a Board member of both the Confederation of British Industry and Association of British Insurers. Val was also President of the International Federation of Health Plans

Val was awarded the CBE for services to business in the 2002 New Year’s Honours list.

Katherine Kerswell – Non Executive Director Committee Member (since October 2012) and Chair of the UKBA Audit Committee

Katherine is an energetic, enthusiastic and experienced managerial leader. She has an unusual background, being one of the few local authority Chief Executives to have managed a district council, a metropolitan unitary council and two county councils as well as having been an Assistant Chief Executive in a London borough. She has worked in the public sector for over 25 years, 14 of those as a Chief Executive.

Katherine has also spent four years on the board of the Department for Education (in its previous guises) as a Non Executive Director and spent a year chairing its Audit and Risk committee. She has also held a number of Non Executive Directorships e.g. for a Learning and Skills Council, chairing a Connexions Company, a Care Trust, a PCT and other publically funded bodies. Katherine has also represented local government on national policy commissions most recently working with the Rt Hon David Miliband MP on youth unemployment.

Anne Tutt – Non Executive Director Committee Member (since January 2010) and Chair of the IPS Audit Committee

Anne’s background is as a Finance Director and she has 20 years Board-level experience as both an Executive and a Non Executive across the private, public and social enterprise sectors. Anne is an independent non executive member of the Audit Committee of Defra, an non executive director and chair of the Audit Committee of Oxford University Hospitals NHS Trust, Vice Chair of the Social Investment Business Limited, Chair of its Finance Committee and a Trustee and Director of the Adventure

Capital Fund Limited. Anne joined IPS in 2006 as an Independent Member of the Audit Committee, becoming a Board member in 2008. Until 31 December 2009 Anne was Chairman of the Service Delivery Committee. On 1 January 2010 she stepped down from that Committee, becoming Chairman of the Audit Committee and IPS's representative at the Home Office Audit Committee.

Peter Conway – Independent Committee Member (since October 2007)

Peter is a Non-Executive Director and Audit Chairman of the Rural Payments Agency and the Kent Community Health NHS Trust. He is also an Independent Member of the Audit Committee of the Ministry of Justice, Chairman of the Residents Scrutiny Panel of Moat Housing Limited and a Trustee Director of Tonbridge Citizens Advice Bureau.

Previously, he worked for Barclays Bank PLC for 27 years, latterly as a Finance Director. He has also held Non-Executive/Independent Member roles with NHS West Kent, DEFRA, the Child Maintenance and Enforcement Commission and the Health & Safety Executive.