

**Trinity House Lighthouse Board**

**TERMS OF REFERENCE FOR THE AUDIT & RISK ASSURANCE COMMITTEE**

The Board has established an Audit & Risk Assurance Committee to 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.

**1. Membership**

- The Audit & Risk Assurance Committee will be comprised of the three DfT nominated Non-Executive Directors and the Non-Executive Chair of the Lighthouse Board.
- The Audit & Risk Assurance Committee will be chaired by Mrs Amos with Mrs Owen to substitute in her absence.
- The Audit & Risk Assurance Committee will be provided with a secretariat function by the Board Secretary.

**2. Reporting**

The Audit & Risk Assurance Committee Chair will formally report back to the Board after each meeting. The Audit & Risk Assurance Committee minutes will be circulated to the ARAC members out of committee after each meeting for agreement and will then be submitted to the Board for noting.

The Audit & Risk Assurance Committee shall carry out an annual review of its work, including its effectiveness, in accordance with the recommendations of the Treasury's Audit & Risk Assurance Committee Handbook and report on the outcome of that review to the Board timed to support finalisation of the Annual Report and Accounts and the Governance Statement.

**3. Responsibilities**

The Audit & Risk Assurance Committee will review and advise the Board and Accounting Officer on:

- The strategic processes for risk management, control and governance and the Governance Statement to be included in the Annual Report and Accounts.
- Assurances relating to the management of risk and corporate governance requirements of the organisation including those in support of the Governance Statement and any significant control issues.
- The accounting policies, 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 audits and the independence and effectiveness of Internal and External Auditors.
- Adequacy of Management's response to issues identified by audit activity, including External Audit's management letter.
- Proposals for tendering for Internal Audit services or for the purchase of non-audit services from contractors who provide audit services.
- Those areas or processes for audit that the Audit and Risk Assurance Committee considers might not be operating as effectively as desirable.

The Audit & Risk Assurance Committee shall be responsible for ensuring arrangements are in place for compliance with the Public Interest Disclosure Act. It shall review annually the Counter Fraud Strategy including procedures for raising concerns about fraud, bribery and possible impropriety (whistle-blowing) and shall ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action. It shall review the Register of Members' Interests and the Hospitality Register annually.

#### **4. Rights**

The Audit & Risk Assurance Committee may procure specialist skills, knowledge, experience and advice at the expense of the organisation subject to the budget therefor being agreed with the Board.

The Audit & Risk Assurance Committee Chair will attend the DfT Chairs of Audit Committee Forum (CACF) and have a right of access to the chairman of the DfT Group Audit Committee. In circumstances where the Audit & Risk Assurance Committee Chair considers that a significant Trinity House issue needs to be reported to the DfT's Group Audit Committee, this will be done after full discussion with the Lighthouse Board and/or the Lighthouse Board Chair and the Accounting Officer.

#### **5. Access**

The Audit & Performance Manager, the Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Audit & Risk Assurance Committee.

#### **6. Meetings**

- The Audit & Risk Assurance Committee will ordinarily meet three times a year normally in March, September and December. However, the Chair may convene additional meetings, as necessary.
- The Board or the Lighthouse Board Chair or the Accounting Officer may ask the Audit & Risk Assurance Committee to meet to discuss and provide advice on particular issues.
- A minimum of two members of the Audit & Risk Assurance Committee will be present for the meeting to be deemed quorate.
- Audit & Risk Assurance Committee meetings will normally be attended by the Chief Executive acting as Accounting Officer, the Director of Business Services, the Audit & Performance Manager, the Head of Internal Audit, a representative of External Audit and the Board Secretary / Head of Legal and Risk.
- The Audit & Risk Assurance Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.
- An Executive Director will be invited periodically to brief the Committee on how he or she provides assurance to the Accounting Officer in terms of governance.
- The Audit & Risk Assurance 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.
- Conflicts of interest shall be handled in accordance with the Code of Conduct and Best Practice for Lighthouse Board Members. Declarations of interest shall be a standing agenda item.

#### **7. Information requirements**

The Audit & Risk Assurance Committee will be provided with:

- For each meeting:
  - Reports from the Audit & Performance Manager summarising:
    - Work performed (and a comparison with work planned).
    - The outcome of individual audits.
    - Key issues emerging from Internal Audit work.
    - Management response to audit recommendations.
    - Changes to the agreed Audit Plan.
    - Any resourcing issues affecting the delivery of Internal Audit objectives.
    - A status log of outstanding issues raised by Quality, Internal and External Audit and other reports.
    - A short update report from the Data Protection Officer on Data Protection within the Service.
    - A report from the Board Secretary summarising any significant changes to the organisation's corporate risk register.
  
- As appropriate:
  - Proposals for the Service Level Agreement and Audit Charter.
  - Matters in relation to fraud, bribery and whistle blowing.
  - Quality Assurance reports on the Internal Audit function.
  - The Internal Audit Strategy.
  - The Head of Internal Audit's Annual Opinion and Report.
  - The draft accounts of the organisation.
  - The draft Governance Statement.
  - A report on any changes to accounting policies.
  - A report from the External Audit representative summarising work done and emerging findings.
  - External Audit's management letter.
  - A report on any proposals to tender for audit functions.
  - A report on co-operation between Internal and External Audit.
  - The outcome of externally validated risk management reviews and the organisation's risk management strategy.
  - The Annual Report on the performance of the Counter Fraud Strategy will be submitted to the December meetings of the Audit & Risk Assurance Committee.
  - The Data Protection Officer's Annual Report to the Audit and Risk Assurance Committee.

## **8. Tri-GLA Audit Reports**

Tri-GLA Audit Reports commissioned by Trinity House and carried out by the Government Internal Audit Agency or others auditors will not be disclosed to other GLAs until they have been discussed and their disclosure authorised by the Audit & Risk Assurance Committee.

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