

TERMS OF REFERENCE – AUDIT, RISK AND ASSURANCE COMMITTEE

PURPOSE AND SCOPE

1. The overall purpose of the Audit Risk and Assurance Committee (the ARAC) is to provide oversight and scrutiny of all significant audit and risk matters concerning the Authority and Police Scotland. The ARAC will seek evidence and provide advice and assurance to the Board that the appropriate levels of internal controls are in place across both Police Scotland and the Authority. In addition, the ARAC will provide advice and assurance to the Accountable Officer and Board on these matters and any other specific items which the Board requests of it in relation to audit, risk management and assurance and the integrity of annual reports and financial statements.

2. Meeting will be used to consider:
 - the strategic processes for risk, control and governance;
 - 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 audit;
 - the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
 - the effectiveness of the internal control environment;
 - assurances relating to the corporate governance requirements for the organisation;
 - proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services; and

- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;
 - such other matters as required by the Board;
 - and to advise the Board and the Accountable Officer on these matters.
3. In addition the ARAC will provide the Board and Accountable 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.
 4. The ARAC will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

SPECIALIST ADVICE

5. The ARAC may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

MEMBERSHIP AND ATTENDEES

6. The ARAC will comprise no more than five members including a chair. A minimum of two voting members of the ARAC, including the chair of the ARAC, will be present for the meeting to be deemed quorate;
7. Committee meetings will normally be attended by the Accountable Officer, the Finance Director, the Head of Internal Audit, a representative of External Audit and at least one senior representative of Police Scotland

ACCESS

8. The Head or representative of Internal Audit and the representative of External Audit will have free and confidential access to the chair of the ARAC.

MEETINGS

9. The procedures for meetings are:

- the ARAC will meet at least four times a year. The chair of the ARAC may convene additional meetings, as he/she deems necessary;
- the Board or Accountable Officer may ask the ARAC to convene further meetings to discuss particular issues on which they want the committee's advice.