AUDIT & RISK ASSURANCE COMMITTEE

TERMS OF REFERENCE

1. CONSTITUTION

1.1 At a meeting held at Templeton House on 27 August 1996, the Northern Ireland Local Government Officers' Superannuation Committee (Management Committee) resolved to establish a standing Committee, without Executive responsibilities, to be known as the Audit Committee, in accordance with terms of reference which were adopted on 22 October 1996.

1.2 In accordance with best practice guidance, the Sub-Committee was renamed the Audit & Risk Assurance Committee in September 2013.

2. MEMBERSHIP

2.1 The membership of the Audit & Risk Assurance Committee shall consist of a minimum of four members (including the Chair) appointed by the Management Committee.

2.2 The Chairperson of the Audit & Risk Assurance Committee shall be appointed by the Management Committee. In the absence of the Chairperson, members of the Audit & Risk Assurance Committee shall appoint a chair for the meeting.

2.3 The term of appointment of members will be determined by the Management Committee and clearly set out in writing at the time of appointment.

2.4 The duties and responsibilities of a member of the Audit & Risk Assurance Committee are in addition to those set out for a member of the Management Committee. New members will be issued with a Letter of Appointment which sets out the duration of the appointment, what is expected from them in their role and other relevant information relating to the role.

2.5 Audit & Risk Assurance Committee members are required to be independent and objective and to have a good understanding of the objectives and priorities of the organisation and of their role as an Audit & Risk Assurance Committee member.

2.6 At least one member of the Audit & Risk Assurance Committee, to include the Chairperson, should have recent and relevant financial experience. This experience should be sufficient to allow them to competently engage with financial management and reporting in the organisation, and associated assurances.

2.7 The Audit & Risk Assurance Committee will be provided with a Secretariat function by the Governance Manager.

3. AUTHORITY

3.1 The overarching purpose of the Audit & Risk Assurance Committee is to advise the Accounting Officer and the Management Committee. It is an advisory body and does not have any executive responsibilities or power to make decisions on behalf of the Management Committee.

3.2 The Audit & Risk Assurance Committee is authorised by the Management Committee to investigate any activity within its terms of reference it deems appropriate. It is authorised to seek any information from any officer or employee of the organisation, all of whom are directed to co-operate with any request made by the Committee.

3.3 The Audit & Risk Assurance Committee is authorised to obtain independent professional advice if it considers this necessary.

4. MEETINGS

4.1 The Audit & Risk Assurance Committee will meet at least four times a year. The Chairperson of the Audit & Risk Assurance Committee may convene additional meetings, as they deem necessary.

4.2 A minimum of two members of the Audit & Risk Assurance Committee will be present for the meeting to be deemed quorate.

4.3 Audit & Risk Assurance Committee meetings will normally be attended by the Secretary, the Deputy Secretary, the Head of Finance, the Head of Governance and Human Resources and the Governance Manager. Meetings may also be observed by a representative of NILGOSC's Sponsor Department.

4.4 The Internal Auditor and the External Auditor shall normally attend meetings where business relevant to them is discussed.

4.5 The Audit & Risk Assurance Committee may ask any other officials of NILGOSC to attend to assist it with its discussions on any particular matter.

4.6 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.

4.7 The Internal or External Auditors may request a meeting if they consider it necessary.

4.8 The Audit & Risk Assurance Committee will arrange a closed session with the External and Internal auditors on an annual basis or more regularly if deemed necessary.

4.9 The Management Committee or the Secretary, as Accounting Officer, may ask the Chairperson to convene further meetings to discuss particular issues on which they want the Committee's advice. These requests should be in writing to the Chairperson.

5. RIGHTS

5.1 The Audit & Risk Assurance Committee may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

5.2 The Audit & Risk Assurance Committee may also procure specialist ad-hoc advice, subject to the agreement of the Committee.

6. ACCESS

6.1 The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chairperson of the Audit & Risk Assurance Committee.

7. REPORTING

7.1 The Chairperson will provide a verbal report of business undertaken by the Audit & Risk Assurance Committee at the next meeting of the Management Committee.

7.2 The agreed minutes of the Audit & Risk Assurance Committee meeting will be circulated to the members of the Management Committee, following the meeting at which the Audit & Risk Assurance Committee approves the minutes.

7.3 The Audit & Risk Assurance Committee will provide the Management Committee with an annual report, timed to support the finalisation of the accounts and the Governance Statement, summarising the conclusions from the work it has done during the year.

8. RESPONSIBILITIES

8.1 The Audit & Risk Assurance Committee will support the Management Committee and Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Management Committee and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

8.2 The Audit & Risk Assurance Committee will advise the Management Committee on:

- the strategic processes for risk, control and governance and the Governance Statement.
- 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 errors identified, and management's letter of representation to the external auditors.
- the planned activity and results of both internal and external audits.
- adequacy of management response to issues identified by audit activity, including External Audit's management letter.
- assurances relating to the management of risk and corporate governance requirements for the organisation.
- proposals for tendering for Internal Audit services.
- anti-fraud policies, procedures for raising concerns, and arrangements for special investigations.

8.3 The Audit & Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Management Committee.

9. DUTIES

9.1 To ensure that there is an open avenue of communication between the Local Government Auditors, the Internal Auditors and the Management Committee.

9.2 Consider in consultation with the Local Government Auditor the nature and scope of audit plans.

9.3 Review NILGOSC's annual Governance Statement, financial statements and related reports.

9.4 Consider key accounting policies, estimates and judgements, together with the clarity, completeness and context of disclosures in the financial statements.

9.5 Consider and review with Management and the Local Government Auditor, significant findings during the year and Management's responses including action taken thereto.

9.6 Consider and review with the Local Government Auditor the adequacy of NILGOSC's systems of internal control, including information systems' controls and cyber security.

9.7 Oversee the appointment of an Internal Audit service and ensure that NILGOSC's internal audit service meets and complies with the Public Sector Internal Audit Standards and meets agreed levels of service.

9.8 Consider the internal audit reports, including value for money reports and the arrangements for their implementation.

9.9 Consider the appropriateness and effectiveness of NILGOSC's fraud and raising concerns arrangements.

9.10 Consider any other matters referred by the Management Committee which are within the Audit & Risk Assurance Committee's scope of responsibility.

10. INFORMATION REQUIREMENTS

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

- a report summarising any significant changes to NILGOSC's Risk Register.
- a progress report from Internal Audit summarising work performed, a comparison with work planned, key issues emerging, management responses to recommendations, any changes to the Internal Audit Plan and any resourcing issues affecting the delivery of the objectives of Internal Audit.

10.2 As and when appropriate the Audit & Risk Assurance Committee will also be provided with:

- The Internal Audit Charter.
- The Internal Audit Strategy and Plan for the year going forward.
- Internal Audit Review Reports.
- An Audit Strategy Plan from the Local Government Auditor.
- An Annual Risk report.
- An Annual Notification report including the outcome of the annual test of the Business Continuity Plan and annual update on reported frauds and breaches.

- The Accounting Officer's draft Governance Statement.
- The Head of Internal Audit's Annual Opinion and Report.
- Revised Terms of Reference.
- The Draft Accounts of NILGOSC.
- External Audit's management letter.
- A progress report on implementation of internal audit recommendations.
- A report on any incidents reported through NILGOSC's Anti-Fraud, Anti-Bribery or Raising Concerns polices.
- A summary of any breaches reported to The Pensions Regulator in line with its *General Code.*
- A report on any changes to accounting policies.
- A report on any proposals to tender for internal audit.
- A review of the effectiveness of the internal audit service.
- Assurance Statements submitted to NILGOSC's Sponsor Department.

10.3 The above list is not exhaustive and other reports and guidance may be provided to the Audit & Risk Assurance Committee as required.

11. Training and Development

11.1 Audit & Risk Assurance Committee Members should be appropriately skilled to undertake their duties as an Audit & Risk Assurance Committee Member.

11.2 All new members are required to attend a recognised best practice Audit & Risk Assurance Committee course. The Chairperson will hold a brief induction training session with new members in advance of attendance at their first meeting, where possible. This will include a summary of key agenda items, current issues, risks and reporting requirements. These are set out in an induction checklist, which will be provided to members on appointment.

11.3 Members are required to continue to develop their skills and knowledge to work collaboratively.

11.4 The Chairperson shall ensure that all members have an appropriate programme of engagement with the organisation to help build sufficient understanding of the organisation, its objectives, business needs, priorities and risk profile.

Last Reviewed and Approved: October 2025/ November 2024

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