

Risk and Assurance Committee  
Terms of Reference  
May 2023



## Purpose

The HIE Board and HIE Accountable Officer have established a Risk and Assurance Committee (“the Committee”) as a Committee of the Board to support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

The Committee will undertake the role of the Audit and Assurance Committee as described in the Scottish Government “Audit and Assurance Committee Handbook”

## Membership

The Committee will comprise:

- 4 members appointed from the HIE Board
- Independent external members at the discretion of the HIE Board

The HIE Board Chair and the HIE Accountable Officer should not be members of the Committee.

The Committee Chair will be appointed by the HIE Board Chair and will be a member of the HIE Board. The Committee Chair should not be the substantive chair of the HIE Board or any other Board Committee.

Appointment letters will be sent to all members, specifying roles and responsibilities and periods of appointment.

The Committee will be provided with a secretariat function by the HIE Executive Support team.

## Reporting

The Committee will formally report in writing to the HIE Board and Accountable Officer after each meeting. A copy of the minutes of the meeting will form the basis of the report.

The Committee will provide the HIE 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.

Copies of the final minutes will be published on the HIE website.

## Responsibilities

The Committee will advise the HIE Board and Accountable Officer on:

- The strategic processes for risk, control and governance and the governance statement
- The accounting policies, the accounts and the annual report of HIE, 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 internal and external audit
- The adequacy of management response to issues identified by audit activity, including external audit's management letter
- The effectiveness of the internal control environment. This includes oversight on matters which are the responsibility of other assurance committees including, but not restricted to, Health and Safety Committee and Information Fraud and Security Governance Group
- Assurances relating to the corporate governance requirements for HIE
- (*where appropriate*) proposals for tendering for either internal or external audit services or for purchase on non-audit services from contractors who provide audit services
- Anti-fraud policies, whistleblowing processes and arrangements for special investigations

The Committee will periodically review its own effectiveness and report the results of the review to the HIE Board and Accountable Officer. Training will be provided by HIE to support the effectiveness of the Committee.

## Rights

The Committee may:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience
- Procure specialist ad hoc advice at the expense of HIE, subject to budgets agreed by the HIE Board or Accountable Officer

## Access

The Director of Business Improvement and Internal Audit and the representatives of External Audit will have free and confidential access to the Chair of the Committee.

## Meetings

The Committee will meet at least four times a year. The Chair of the Committee may convene additional meetings as deemed necessary.

The following applies:

- A minimum of 3 members of the Committee will be present for the meeting to be deemed quorate. Any independent external member is eligible to be part of this quorum
- Where the Committee Chair is unable to attend the meeting, a Deputy Chair will be appointed following agreement by members of the Committee
- Committee meetings will normally be attended by the Accountable Officer; the Director of Finance and Corporate Services; the Director of Business Improvement and Internal Audit; representatives of External Audit; and representatives of Scottish Government
- HIE Board members who are not members of the Committee will have a right of attendance

- The Committee may ask any other officials of HIE, or other bodies, to attend to assist with discussions on any particular matter. This could include, for example, HIE subsidiary auditors; service delivery bodies.
- 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 HIE Board or Accountable Officer may ask the Committee to convene additional meetings to discuss particular issues on which they want the Committee's advice
- Meetings can be held in a variety of formats – including physical, virtual, and other agreed formats that enable Board members to engage in discussion of matters on each agenda and to make decisions.

## Information requirements

For each meeting the Committee will be provided with:

- A report summarising any significant changes to HIE's corporate risk register
- A progress report on assurance activity from the Director of Business Improvement and Internal Audit summarising:
  - Work performed, and a comparison with work planned
  - Key issues arising from internal audit work
  - Management response to audit recommendations
  - Any significant changes to the audit 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

As appropriate the Committee will also be provided with:

- Business update reports from the Accountable Officer
- Internal Audit specific:
  - Charter and/or Terms of Reference of Internal Audit
  - Internal audit strategy
  - Annual assurance plan
  - The Director of Business Improvement and Internal Audit's annual opinion and report
  - Quality assurance reports on the internal audit function
- HIE draft accounts
- Draft governance statement
- Report on any changes to accounting policies
- External audit's management letter
- Report on any proposals to tender for audit functions
- Report on co-operation between internal and external audit
- Report on Counter Fraud and Bribery arrangements and performance
- Reports from other sources as per the "integrated assurance framework" (appendix 1), such as:
  - Best Value self-assessment

- Gateway reviews
- Health Check reviews
- ICT Assurance reviews
- Digital 1<sup>st</sup> Service Standard reviews
- Procurement Capability reviews
- Procurement Key stage reviews
- Updates from group companies and/or key significant investments

## Appendix 1 – Integrated assurance framework

