

Audit and Risk Assurance Committee v3 Final Draft (June 2024)

Draft Terms of Reference

1 Introduction

- 1.1 Llais¹ is a Welsh Government sponsored public body established to carry out the functions set out in the Health and Social Care (Quality and Engagement) (Wales) Act 2020. Schedule 1, Part 4 (11) of the Act includes a provision for the Board to establish committees.
- 1.2 The Audit and Risk Assurance Committee (the “committee”) is a committee of Llais. It works within the same governance processes that apply to the Board.
- 1.3 The purpose of the committee is to support the Accounting Officer (Chief Executive) and the Board in monitoring the organisation’s governance arrangements, financial position, risk management and internal controls. Committee members will do this through scrutinising and providing assurance on the effectiveness and appropriateness of the above. The Committee has two primary functions:
 - 1.3.1 an audit function, with a focus on assurance arrangements over: governance, the financial position of the organisation

¹ Llais is the operating name for the Citizen Voice Body for Health and Social Care, Wales

and financial reporting, annual reports and accounts and other assurance arrangements as appropriate regarding the performance of Llais; and

1.3.2 a risk assurance function, with a focus on ensuring there is an adequate and effective risk management and assurance framework in place and assess the risks and identified mitigations (further details is provided at Section 5.1).

1.4 The committee has been given authority by the Board to make certain decisions, as set out in these terms of reference and specified in Llais's Scheme of Delegation. However, the Board remains responsible and accountable for all the decisions and actions taken in its name.

1.5 The terms of reference will be reviewed every 12 months by the committee and any proposed changes or additions will be submitted to the Board for approval.

2 Appointment and membership

2.1 The Chair of the Board shall appoint the chair and members of the committee. The chair of the committee will be a non-executive member of the Board. A Vice Chair of the committee will also be appointed. However, this must be a non-executive Board member appointed to the committee and not one of the additionally appointed Independent Members. The Chair of the Board will annually review the membership of the committee.

2.2 The role of the committee Chair is a crucial element in achieving the effectiveness of the committee and complying with good governance principles.

The Chair of the committee will:

- ensure that the meetings of the committee are conducted openly, fairly and in inclusive ways. Also, that the minutes for each meeting are available in a timely manner for information by the Committee and the Board
- decide whether any additional reports or items should be prepared from the committee to the Board and the Accounting Officer on specific issues with the advice of the Board Secretary
- meet any newly appointed members as soon as possible after their appointment and as part of their induction
- meet as required with the Accounting Officer and/or the Chair of the Board and escalate any matters if concern, as required.
- meet privately at least once a year with Internal Auditors, External Auditors and the Counter Fraud Service.
- provide an overall annual assurance report to the Board on the work programme delivered by the Committee. Also, through regular assurance reports at Board meetings and submission of approved minutes of the committee to the Board, provide updates on the functioning of the committee.

- 2.3 The committee will include a minimum of 4 non-executive members of the Board with specific and appropriate skills and experience.
- 2.4 The Board may appoint up to two independent non-board members to the committee with relevant professional expertise to support the functioning and activities of the committee.
- 2.5 No member of the committee may also be a member of staff or have any executive authority for the management of Llais.
- 2.6 The quorum for the committee to enable it to carry out its business will be 3 members. Independent members appointed to the Committee will count to the quorum.
- 2.7 However, the quorum of 3 must include the chair of the committee or in their absence the appointed vice chair of the committee.
- 2.8 It is expected the Chair and Chief Executive of Llais will attend a meeting of the committee at least annually
- 2.9 The Chief Executive, other Strategic Directors and officers of Llais will attend the committee whenever they are required to do so or by specific invitation of the committee chair. Executive attendees/officers will provide information, updates and explanations on progress and assurance, where possible to the Committee when it is discussing audit reports or other matters of business within their areas of responsibility.

- 2.10 The lead officer for the committee is the Strategic Director of Operations and Corporate Services. The lead officer has an additional responsibility to other 'In Attendance' members of the committee in supporting the Chair to ensure the effective functioning of the Committee.
- 2.11 The role of the Board Secretary is also a pivotal one within Llais in relation to governance, assurance and the co-ordination of committees of the Board. As principal adviser to the Board and its committees, and Llais as a whole, on all aspects of governance, the Board Secretary on behalf of the Chair and Chief Executive leads the design and ongoing development of a governance and assurance system for Llais and ensures that it meets the standards of good governance set for the organisation. The Board Secretary will therefore ensure the Committee receives the advice and support it requires to undertake its programme of business, focus on its effectiveness and development and arrange the secretariat support required by the committee.
- 2.12 A number of advisers will also be appointed to the committee, these will include representatives of Internal Audit and Audit Wales, who will routinely attend committee meetings and the Counter Fraud Service, who will attend committee meetings, as required. A Welsh Government representative (from the partnership team) may also be invited to attend meetings. Other attendees of partner organisations may be invited by the chair of the committee for specific items and discussions.

2.13 The chair of the committee can ask lead officers and advisers to leave a meeting at any time if necessary, however the Board Secretary will always remain in the meeting (unless the discussion relates to the Board Secretary) to provide advice and capture any decisions or actions for the minutes in the absence of other officers. If the discussion pertains to the Board Secretary, the Chair and the Committee will decide which officer will remain to provide advice and take a minute. It is anticipated that this will be the lead officer i.e. Strategic Director of Operations and Corporate Services.

2.14 The committee may:

2.14.1 ask external advisors to provide specialist skills, knowledge and experience;

2.14.2 ask any member of Llais to attend regular meetings as an internal adviser to the committee;

2.14.3 ask any member of staff of Llais to attend to assist it with its discussions on any matter; and

2.14.4 ask any or all of those who normally attend but who are not members to withdraw to allow open and frank discussion of matters.

2.15 The committee has the power to request attendance by any member of staff or Board Member to its committee meetings or working groups (should they be established) to answer questions or provide information relating to their roles and accountabilities.

3 Framework for the operation of the Committee

- 3.1 The standing orders for Llais sets out provisions that the Board will make rules to regulate the procedure of its committees and sub-committees (including membership, composition and quorum), the details of which are outlined in this document.
- 3.2 The committee will also follow the framework and advice set out in:
 - 3.2.1 Llais' Standing Orders and Schedule of Internal Delegation;
 - 3.2.2 Standing Financial Instructions;
 - 3.2.3 Framework Document and
 - 3.2.4 Managing Welsh Public Money², and any additional relevant guidance which may be issued by the Treasury and/or Welsh Government from time to time.
- 3.3 The committee's role is to scrutinise and provide assurance on matters that fall within its remit as set out in paragraph 1.3 above. The committee is authorised by the Board to investigate any activity within its terms of reference. The committee's advice will be noted in any documentation that seeks a decision from the Board.
- 3.4 The committee may also establish and disestablish task and finish groups with the advice of the Board Secretary to consider matters related to its terms of reference if it feels this is necessary to fulfil its responsibilities. A task and finish group may include members who are not members of the committee.

² [insert footnote including link to Managing Welsh Public Money)

- 3.5 The committee may approve terms of reference for task and finish groups, to include scope of responsibility, membership and how the group will relate and report to the committee.
- 3.6 No one other than members of the committee will have decision making powers as delegated from the Board.

4 Responsibilities – the role of the committee

- 4.1 The Board has established the committee to provide support, advice and guidance to the Chair, the Chief Executive as Accounting Officer and the Board. This will include:

- 4.2 **Strategy and Management:**

- 4.2.1 reviewing and advising where appropriate to enable the governance and risk arrangements to provide the necessary assurance in relation to the governance and risk arrangements of Llais;
- 4.2.2 reviewing and responding to relevant consultations on areas that fall within the remit of the committee on behalf of the Board; and
- 4.2.3 ensuring adequate systems and procedures are in place in relation to the budgetary and financial position of Llais to promote economy, efficiency and effectiveness in all the

operations of Llais. This will include discussing and monitoring the financial position of the organisation through receiving and discussing regular financial reports and reporting to the Board, as required.

4.3 **Internal Control:**

- 4.3.1 ensuring the effectiveness of the organisation's internal control and governance processes;
- 4.3.2 monitoring compliance with Llais' statutory obligations as set out in any relevant laws and regulations passed and guidance issued from time to time by the Welsh government and other appropriate governing bodies;
- 4.3.3 ensuring the adequacy of the performance of specific processes and policies which are in place for management of digital, data, information and communication technology (ICT) and cyber resilience controls, anti-fraud policies, whistle-blowing processes, complaints made about Llais and arrangements for special investigations;
- 4.3.4 ensuring the adequacy of the organisation's assurances relating to the corporate governance requirements for the Board; and
- 4.3.5 monitoring the effectiveness of the financial and other internal control systems and the financial position of the organisation.

4.4 **Annual Report and Accounts:**

- 4.4.1 To ensure an Annual Report and Accounts and governance statements are prepared in accordance with directions issued by Welsh Ministers, the Government Financial Reporting Manual and all relevant statutes;
- 4.4.2 To ensure requisite registers to be used in preparation of the accounts, including
- register of declarations and potential conflicts of interest of board members;
 - gifts received and given;
 - hospitality received and offered; and
 - losses and special payments as described in Managing Welsh Public Money are maintained;
- 4.4.3 review and suggest amendments as appropriate to the governance statement, accounting policies and the statutory annual accounts of the organisation, including the process for review of the accounts before their submission for audit, levels of error identified and their redressal if agreed that this should be done, and management's letter of representation from the external auditors; and
- 4.4.4 recommend the annual report and accounts for approval by the Board.

4.5 **Internal Audit:**

- 4.5.1 reviewing audit strategy, planned activity and results of internal audit;
- 4.5.2 approving the appointment of internal audit provision and reviewing its effectiveness on an annual basis;
- 4.5.3 receiving and discussing the internal auditors' annual report regarding the effectiveness of Llais internal control and risk management systems;
- 4.5.4 receiving and approving the internal audit's three-year strategic audit plan and annual plan;
- 4.5.5 the appointment of internal auditors, their engagement and the scope of work undertaken;
- 4.5.6 reviewing the scope and effectiveness of the internal auditor's work, which shall include the planning and operation of work and compliance with audit standards;
- 4.5.7 reviewing the adequacy of management response to issues identified by internal audit activity. This will include review of responses to and implementation of internal audit recommendations relating to the management of risk and corporate governance requirements for the organisation as appropriate.
- 4.5.8 The committee members should also meet privately at least annually with internal auditors i.e. without the presence of officers to enable auditors to highlight as required any matters for the committee's information and interest and for the committee to seek any further information from auditors, as required.

4.6 **External Audit:**

- 4.6.1 reviewing the audit strategy and the planned activity and results of external audit;
- 4.6.2 receiving the annual management letter from the external auditors and assessing the reasonableness of the identified management actions in response to the recommendations.
- 4.6.3 considering the co-ordination between the internal and external audit functions, the external auditors' annual report, and monitoring compliance with its recommendations;
- 4.6.4 reviewing the adequacy of management responses to issues identified by external audit activity. This includes review of responses to and implementation of external audit's management letter relating to management of risk and corporate governance requirements for the organisation as appropriate;
- 4.6.5 considering the performance and effectiveness of the external audit teams; and
- 4.6.6 The committee members should also meet privately at least annually with external auditors i.e. without the presence of officers to enable auditors to highlight as required any matters for the committee's information and interest and for the committee to seek any further information from auditors, as required.

5.1 **Risk Appetite, Strategy and Management:**

- 5.2 maintain risk reporting and management procedures including agreeing on the process of assessing risk in the organisation and how such risks if any will inform decision making. This includes:
 - 5.2.1 overseeing the organisation’s risk reporting process;
 - 5.2.2 reviewing in detail the board assurance framework and corporate risk register.
 - 5.2.3 making recommendations to the Board with respect to the assessment of risk;
 - 5.2.4 ensuring the effectiveness of the organisation’s risk management arrangements;
 - 5.2.5 reviewing the organisation’s risk management processes to ensure (i) risk identification and assessment, (ii) risk treatment options, (iii) risk monitoring and (iv) risk reporting and making recommendations to the Board as appropriate;
 - 5.2.6 supporting the Board in determining the nature and extent of the principal risks it is willing to tolerate to achieve the organisation’s objectives including the Board’s agreed risk appetite statement;
 - 5.2.7 subjecting risks to “deep dive” reviews and advising the board on the organisation’s current risk exposures, the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact;

- 5.2.8 reviewing the organisation's capability to identify and manage new and emerging risks; and
- 5.2.9 advise the Board on future risk strategy.

6. Compliance:

- 6.1 considering compliance with relevant reports from Senedd Cymru/Welsh Parliament, Welsh Government, HM Treasury, Audit Wales and other organisations, and monitor the implementation of relevant recommendations;
- 6.2 monitoring compliance with mandatory requirements set out by the Welsh Government and HM Treasury;
- 6.3 receiving reports on compliance with statutory obligations
- 6.4 reviewing Llais' policy on fraud and countering fraud including any action taken under that policy, and to ensure that all issues have been investigated, and reported as appropriate; and
- 6.5 reviewing the assurance provided by external audit, internal audit and any other sources for ensuring compliance with the organisation's corporate governance requirements and those areas which fall within the remit of the Committee.

7 Miscellaneous

- 7.1.1 Undertake any other matters as requested to do so by the Board.

7.1.2 The Committee will formally consider any non-compliance with Llais Standing Orders, Standing Financial Instructions, including an explanation of the reasons and circumstances before making proposals to the Board on any action to be taken.

7.1.3 In terms of effectiveness and impact of the organisation's work, the Committee may identify areas of Llais's business that it will recommend require effectiveness reviews. The committee will monitor how Llais learns from these reviews and how this contributes to improved performance.

8 Review of effectiveness

8.1 The Accounting Officer will ensure there are regular opportunities to review the effectiveness of the arrangements for external members of the committee and formally recognise their contribution to the committee and organisation.

8.2 The committee will review its own effectiveness annually with the support of the Board Secretary and report the results of that review to the Board.

9 Reporting and review

9.1 The Board Secretary will secure effective secretariat arrangements for the committee. The minutes of the meetings will be prepared by the secretariat and approved by the

committee in accordance with organisational standards and timelines for production.

- 9.2 The approved minutes of the meeting will be made available on the members' shared drive and will be noted by the Board at the next formal Board meeting along with a written assurance report from the Chair of the Committee.
- 9.3 The committee will provide the Board with an Annual Report summarising its conclusions from the work it has done during the year.
- 9.4 The chair of the committee will be given a standing item at Llais board meetings to provide a written and/or verbal update on recent activity of the Committee.
- 9.5 The chair of the committee will have the right to bring to the Board's attention any matters of concern.

10 Meeting schedule and support to committee

- 10.1 The committee will normally meet 4 times a year. A work programme will outline the known areas of focus for consideration by the committee.
- 10.2 The chair of the committee may convene additional meetings as deemed necessary with advice from the Board Secretary. The Board may ask the Committee to arrange further

meetings to discuss issues on which it wants the Committee’s advice.

10.3 The agenda and papers will be distributed to the members at least 7 calendar days prior to the meeting.

10.4 The Board Secretary will organise the required secretariat for the committee and ensure that required minutes and actions are noted for the committee and appropriately followed up and progress reported to the committee.

11 Access

11.1 Representatives of external, and internal audit and the Counter Fraud Service will have free and confidential access to the Chair of the committee, as required.

Terms of reference approved by XXXXXXXXX

Version control

Version	Date	Author	Reason
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0.1	18.01.2023	CS	1 ST draft for comment.
0.2	24.01.2023	CS	Changes made following comments from workstream
1.0	31.01.2023	CS	Changes made following Board discussion – Approved by Board.
1.1	09.07.2023	CS	Committee members, advisors and attendees' names added.
2.0	March 2024	ES	Revised and amended as part of wider Governance Review
3.0	May/June 2024	RB	Reviewed and Revised as part of an internal Governance Review of Llais. Further revisions and suggestions made by Committee members.