

Revenue Scotland

Audit and Risk Committee

Terms of Reference

REVENUE SCOTLAND AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Board of Revenue Scotland has established an Audit and Risk Committee as a Committee of the Board to support it in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

MEMBERSHIP

The members of the Audit and Risk Committee, all non-executive Directors of Revenue Scotland, are:

- Lynn Bradley;
- Ian Tait; and
- John Whiting OBE.

The Audit and Risk Committee will be chaired by Lynn Bradley.

The Audit and Risk Committee will be provided with a secretariat function by members of staff of Revenue Scotland appointed by the Chief Executive to act in this capacity.

REPORTING

- The Audit and Risk Committee will report orally and/ or in writing to the Board and Accountable Officer after each meeting. A copy of the minutes of the meeting may form the basis of the report.
- The Audit and Risk Committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the Annual Accounts and the Governance Statement, summarising its conclusions from the work it has completed during the year.

RESPONSIBILITIES

The Audit and Risk Committee will advise the Board and Accountable Officer on:

- the strategic processes for risk, control and governance, and on the Governance Statement;
- the accounting policies, the Accounts and the Annual Report, 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 Revenue Scotland;
- 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.
- any issues that should be escalated to the Board.
- anything else that is referred by the Board.

The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

RIGHTS

The Audit and Risk Committee may:

- co-opt additional members for a period not exceeding one year to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of Revenue Scotland, subject to budgets agreed by the Board and/ or the Accountable Officer.

ACCESS

The Head or representative of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Audit and Risk Committee. This will be a two way process for both parties and the Chair of the Audit and Risk Committee will also have free and confidential access to the Head or representative of Internal Audit and the representative of External Audit.

MEETINGS

The procedures for Audit and Risk Committee meetings are as follows:

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

- at each meeting a minimum of 2 members of the Committee will be present for the meeting to be deemed quorate;
- Committee meetings will normally be attended by the Accountable Officer, the Head of Corporate Services and Finance, the Chief Accountant, a representative of Internal Audit and a representative of External Audit;
- the Committee may require any other member of staff of Revenue Scotland to attend to assist it with its discussions on any particular matter;
- the Committee may ask any or all of those who normally attend but who are not members of the Committee to withdraw to facilitate open and frank discussion of particular matters;
- specifically, the Committee will, at a minimum annually, meet representatives of Internal and External Audit without any members of staff of Revenue Scotland being present;
- the Board or Accountable Officer may ask the Committee to convene further meetings to discuss particular issues on which they require the Committee's advice.

INFORMATION REQUIREMENTS

For each meeting the Audit and Risk Committee will be provided with:

- a report summarising any significant changes to the Revenue Scotland Corporate Risk Register;
- a progress report from the Head or representative of Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - management response to internal Audit recommendations;
 - significant changes to the internal Audit plan; and
 - 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 and when appropriate the Committee will also be provided with other documents including:

- proposals for the Terms of Reference of Internal Audit;
- the Internal Audit Strategy;
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the Internal Audit function;
- the draft Accounts of Revenue Scotland;
- the draft Governance Statement;
- an annual report on information governance from the Senior Information Risk Owner;
- a report on any changes to accounting policies;
- External Audit's management letter/ report;
- a report on any proposals to tender for internal Audit functions;
- a report on co-operation between Internal and External Audit.

Revenue Scotland
March 2015