

AUDIT AND RISK ASSURANCE COMMITTEE

TERMS OF REFERENCE

1. Constitution

The Agri-Food and Biosciences Institute Board (hereafter referred to as the Board), resolved to establish a Committee of the Board to be known as **the Audit and Risk Assurance Committee** to support the Board in its responsibilities for issues of risk, control and governance and associated assurance.

2. Membership

The Committee shall be appointed by the Board. The Committee shall consist of not less than four members, all of whom shall be Non-Executive Board Members (NEBMs). A quorum shall be two NEBMs.

The Chairperson of the Committee shall be appointed by the AFBI Chair and approved by the Board.

Appointments to the Audit and Risk Assurance Committee are normally for a three-year period but may be eligible for renewal subject to the Board member's personal Terms and Conditions of Appointment. Appointment and renewal of Members will be subject to Board approval.

One NEBM of the Audit and Risk Assurance Committee should have significant recent and relevant financial experience.

No more than one member of the Audit and Risk Assurance Committee may also serve as a member of the Finance and Business Strategy Committee.

3. Meetings

- Meetings shall be held not less than four times a year together with an additional meeting to conduct a self-assessment review and a review of the Audit and Risk Assurance Committee Terms of Reference.

- The Accounting Officer or Board may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- Audit and Risk Assurance Committee meetings will normally be attended by the Accounting Officer, Director of Finance and Corporate Affairs, the Head of Finance, the Head of Governance and Performance, the Head of Internal Audit a representative of External Audit and a representative of AFBI Sponsor Branch.
- The Audit and Risk Assurance Committee may ask any other AFBI officials to attend meetings at the invitation of the Committee.
- The Audit and Risk Assurance Committee may ask any or all of those who normally attend but who are not NEBMs to withdraw to facilitate open and frank discussion of particular matters.
- If required, Committee meetings may be conducted, wholly or partially, on a remote basis using appropriate technological systems.

4. Access

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

5. Secretarial Support

The Audit and Risk Assurance Committee will be provided with secretarial support by the AFBI Board Secretariat.

6. Authority

The Audit and Risk Assurance Committee is an advisory and scrutiny body with no executive powers. The Committee is authorised by the Board to investigate any activity within its remit. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee may ask any employee of the organisation to attend to assist it with its deliberations on any particular matter.

7. Co-opting and Professional Advice

Subject to approval by the Accounting Officer and the Board the Committee is authorised to:

- co-opt members for a period of time (not exceeding a year) to provide specialist skills, knowledge and experience which the Committee needs at a particular time; and
- to procure specialist advice at the expense of the organisation on an ad-hoc basis to support them in relation to particular pieces of Committee business, subject to budgets agreed by the Accounting Officer/Board.

8. Responsibilities

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

- the strategic processes for risk, control, governance and the Annual 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 error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit and assess the efficiency, effectiveness and proportionality of the work undertaken by both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's Report to Those Charged with Governance;
- assurances relating to the management of risk and 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;
- anti-fraud policies, whistle-blowing processes and arrangements for special investigations; and

- Audit and Risk Assurance Committee will also annually review its own effectiveness and report the results of that review to the Board.

9. Reporting

The Audit and Risk Assurance Committee will formally report back to the Accounting Officer and the Board after each meeting.

The Chairperson of the Audit and Risk Assurance Committee will provide the Accounting Officer and Board with an Annual Report timed to support the finalisation of the accounts and the Governance Statement, summarising the conclusions of the Audit and Risk Assurance Committee's work during the year.

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

10. Information Requirements

The Audit and Risk Assurance Committee will be provided with:

- For each meeting:
 - A report summarising any significant changes to the organisation's strategic risks and a copy of the corporate Risk Register.
 - A progress report from the Head of Internal Audit summarising:
 - work performed (and a comparison with work planned)
 - key issues emerging from Internal Audit work
 - management response to audit recommendations
 - changes to the Periodic 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
 - Proposals for the Terms of Reference of Internal Audit/the Internal Audit Charter

- 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 the organisation
- The draft Governance Statement
- A report on any changes to accounting policies
- External Audit's "Report to Those Charged with Governance"
- A report on any proposals to tender for audit functions
- A report on co-operation between Internal and External Audit
- A report on any cases of whistle-blowing and fraud
- A report on any significant issues relating to corporate governance
- A report on any significant issues relating to Health and Safety
- CEO Quarter Four Assurance Statement
- The Risk Management Strategy

11. Publication

The Terms of Reference of the Audit and Risk Assurance Committee will be made publicly available on AFBI's website.