



## **Audit and Risk Committee Terms of Reference**

### **Purpose**

The Children's Commissioner (the 'Commissioner') has established an Audit and Risk Committee (the 'Committee') to provide a means of independent assurance and objective review of financial systems, financial information, information data security, risk management systems, governance arrangements and internal control mechanisms, thus ensuring that assets are safeguarded, the risk of illegal or improper acts is reduced and confidence in the objectivity and fairness of financial reporting is increased.

### **Constitution**

The Committee provides advice, challenge and scrutiny to the Commissioner / Accounting Officer albeit recognising that the Commissioner is a corporation sole.

One member of the Committee must be a qualified accountant. The remaining members shall comprise of a range of backgrounds and experience.

The Committee will be fully compliant with the Nolan Principles on good corporate governance.

### **Membership**

The Committee is made up of four to five members including the Chair.

The term of office for the Chair and members is three years. However, there may be occasions when their terms of office can be extended.

The Chair of the Committee and the Commissioner select members of the Committee using an open recruitment process.

The Chair is selected by the Commissioner from members of the Committee.

If the Committee has five members the meeting is quorate when three members are present. If the Committee has four members the Committee is quorate when two members are present.

Observer status is held by a representative of the sponsoring Department of Government, (the Department for Education) and both internal and external auditors.

### **Attendance**

The Commissioner attends all Committee meetings, as well as a representative from the internal audit team, a representative of the external auditor [the National Audit Office] and an observer from the sponsor department. The Committee will meet privately with the external and internal auditors prior to the start of the June meeting.

## **Duties and Authority**

The Committee may examine any activity framed within its Terms of Reference. The Committee may seek any information it requires from any employee of the Commissioner. Employees of the Commissioner are directed to co-operate with any request made by the Committee. The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of external professionals with relevant experience and expertise if it deems this necessary.

One member of the Committee is appointed Chair of the Remuneration Committee by the Commissioner. That person is the prescribed contact for employees wishing to report whistleblowing concerns. Following the disclosure of a whistleblowing concern, the Chair of the Remuneration Committee will take the matter forward in accordance with the Whistleblowing Policy.

The remit of the Committee includes scrutiny of, and advice on:

- governance;
- internal control and risk management;
- the work of internal audit;
- the work of external audit; and
- financial reporting.

The Chair of the Committee has the authority to escalate concerns directly to the Chair of the Audit and Risk Committee of the Department for Education.

## **Frequency of Meetings**

Meetings are held not less than four times a year. The external auditor or representative of internal audit may request a meeting if they consider that one is necessary. Both internal and external audit representatives have access to the Chair and/or other Committee members outside of formal meetings.

## **Reporting**

The minutes of Committee meetings are formally recorded and submitted to the Commissioner, and are published on the Children's Commissioner's website.

The Chair reports regularly to the Commissioner on the work of the Committee, and submits an annual report to the Commissioner (on behalf of the Committee).

## **Meeting Schedule**

Meetings are held not less than four times a year with members attending a brief pre and post meeting for private discussions before and after each meeting proper. An additional meeting is generally scheduled in June to consider the Children's Commissioner's Annual Report and Accounts, when the Head of Internal Audit and National Audit Office representatives are invited to join the pre-meet.

## **Date of Next Review:**

November 2022

### **The Role of the Audit and Risk Committee**

The Committee provides a means of independent assurance and objective review of the Office of the Children's Commissioner's financial systems, financial information, information data security, risk management system, governance arrangements and internal control mechanisms, thus ensuring that assets are safeguarded, the risk of illegal or improper acts is reduced and confidence in the objectivity and fairness of financial reporting is increased.

Duties of the Audit and Risk Committee are as follows:

### **Internal Control and Risk Management**

The Committee reviews the establishment and maintenance of an effective system of governance, internal control and risk management. In particular, the Audit and Risk Committee will review the adequacy of:

- All risk and control-related disclosure statements including the Annual Governance Statement, together with any accompanying internal audit statement, prior to endorsement by the Commissioner.
- The governance arrangements, structures, processes and responsibilities for identifying and managing key risks facing the organisation.
- The effectiveness of controls over data security, incidents of data lapses and loss.
- The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements and other relevant guidance.
- The operational effectiveness of policies and procedures.
- The policies and procedures for all work related to fraud and corruption.
- The policies and procedures relating to whistle blowing.

### **Internal Audit**

To consider the appointment of the internal audit service, the audit fee and any questions regarding resignation and dismissal:

- To review the internal audit programme, consider the major findings of internal audit investigations (and management's response), and ensure co-ordination between the internal and external auditors.
- To approve any changes to the planned work.
- To ensure that the internal audit function is adequately resourced and has appropriate standing within the organisation.
- Review the Head of Internal Audit's annual report.

## **External Audit**

- Discuss with the external auditor, before the audit commences, the nature and scope of the audit, and ensure coordination, as appropriate.
- Review external audit reports, including value for money reports, annual audit letters and other reports to management, together with the management response.

## **Financial Reporting**

Review the annual financial statements before submission to the Accounting Officer [Children's Commissioner], focusing particularly on:

- Changes in, and compliance with, accounting policies and practices;
- Major areas of judgement;
- Any unadjusted errors;
- Significant adjustments resulting from the audit; and
- The statement of Internal Controls.

All members of the Committee should have, or acquire as soon as possible after appointment:

- Understanding of the objectives of the Office of the Children's Commissioner and current significant issues;
- Understanding the Office of the Children's Commissioner's structure, including key relationships such as that with Parliament;
- Understanding of any relevant legislation or other rules governing the Commissioner;
- Broad understanding of the government environment, particularly accountability structures and current major initiatives.

The Committee should collectively (i.e. including members and those in attendance) possess knowledge, skills, understanding and experience in:

- Accounting;
- Risk management;
- Audit;
- Technical or specialist issues pertinent to the organisation's business;
- Managing similar sized organisations;
- The wider environment in which the Commissioner operates;
- Government environment and accountability structures.

## **Members Matters**

### **Remuneration**

Members are not paid a fee, but are eligible to claim reasonable expenses for travel and subsistence costs necessarily incurred on the Commissioner's business.

### **Appointment and Tenure of Office**

The initial term will be for 3 years, subject to performance. Members are not employees of the Commissioner's Office. The Commissioner has discretion to renew the appointment at the end of the first term of office, subject to consistently good performance. There should therefore be no assumption of automatic reappointment.

The Children's Commissioner is a Corporation Sole and the Committee is therefore the Commissioner's body. If she/he has proven reason to believe that a Committee member has failed to fulfil the highest standards of conduct expected of the role, which is bound by the Code of Conduct for the Civil Service, she/he may terminate the Committee members' role.

**Co-opting** The Committee can elect to co-opt a member to the Committee for a fixed period of time, with the agreement of the Commissioner where there is a requirement for a member with specific skills and expertise to advise the Committee.

### **Time commitment**

Members commit to attend meetings, at which attendance is recorded and published as part of the annual reporting cycle. Meetings are held not less than four times a year. An additional meeting is generally scheduled in June to consider the Children's Commissioner's Annual Report and Accounts

### **Location**

Meetings take place at the Children's Commissioner's Office, Sanctuary Buildings, Great Smith Street, London, SW1P 3BT.

### **Standards in Public Life**

Members are expected to demonstrate high standards of corporate and personal conduct.

The Children's Commissioner's Office abides by the standards of probity required by public appointees outlined in the "Seven Principles of Public Life" set out by the Committee on Standards in Public Life (see Appendix 1).

All of the Committee's business, conducted both within and outside of all its meetings, whether verbal or in writing, is strictly confidential. Breaches of confidentiality will result in immediate termination of the relevant member's or members' roles on the Committee.

## **Disqualification for appointment**

There are circumstances in which an individual will not be considered for appointment, including:

- people whose enhanced level Disclosure and Barring Service [DBS] check returns details of offences that would preclude the applicant from working in organisations whose core business is with or on behalf of children;
- people who have received a prison sentence or suspended sentence of 3 months or more in the last 5 years;
- people who are the subject of a bankruptcy restrictions order or interim order;
- in certain circumstances, those who have had an earlier term of appointment terminated;
- anyone who is under a disqualification order under the Company Directors Disqualification Act 1986;
- a person who has been removed from trusteeship of a charity.

## **Conflict of Interests**

Members must declare any conflict of interest that may arise in the course of the business of the Office of the Children's Commissioner, and declare any business interests, positions of authority or other connections with organisations relevant to or likely to conflict with the business of the Office of the Children's Commissioner. Declarations of conflicts of interest are recorded at the start of each meeting.

## **Appendix 1**

### **The Seven Principles of Public Life**

All applicants for public appointments are expected to demonstrate a commitment to, and an understanding of, the value and importance of the principles of public service. The seven principles of public life are:

#### **Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

#### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.

#### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **Leadership**

Holders of public office should promote and support these principles by leadership and example.