

## **AUDIT AND RISK COMMITTEE REMIT**

1. The Scottish Courts and Tribunals Service (SCTS) Board established an Audit and risk Committee (ARC) to support it in its responsibilities in relation to issues of risk, control, governance and best value by reviewing and challenging the comprehensiveness, reliability and integrity of assurances provided to them by the SCTS Chief Executive (Accountable Officer). In regard to risk management the SCTS Board has the responsibility for setting the overall risk framework. The ARC provides more specific scrutiny of the arrangements for strategic risk management. The Committee also provides advice and support to the Accountable Officer in his responsibility for maintaining a sound internal control regime.

### **Membership**

2. Current members of the ARC are:

- Joe Al-Gharabally (Non-Executive) SCTS Board Member (since June 2014)
- Simon Catto, (Non-Executive) SCTS Board Member (since January 2014)
- Dr Joe Morrow QC, SCTS Board Member (since April 2015)
- Angus Mackenzie, Independent External Member (since March 2011)
- Vacancy, Independent External Member

Joe Al-Gharabally is Chair of the ARC; Simon Catto is Deputy Chair.

3. At least one member of the Committee must hold a professional accountancy qualification from one of the UK's Consultative Committee of Accountancy Bodies (CCAB) or equivalent. Currently, both the independent external members hold accountancy qualifications.

4. The period of appointment to the Committee shall, in the case of SCTS Board members, be linked to their Board appointment. For other members, appointment will be for a period of three years, renewable once by mutual consent.

5. A secretariat function will be provided by the SCTS Secretariat.

### **Reporting**

6. The ARC will formally report to the SCTS Board through the issue of minutes after each meeting. Draft minutes will be sent initially to the Chair for review before being circulated to other Committee Members for comment. As far as possible, the minutes will be approved at an ARC meeting before they require to be presented to the SCTS Board. In the event that there will be no ARC meeting prior to the next Board meeting, the minutes will be approved by the Committee during the circulation process and be made ready for presentation.

7. The ARC will report to the SCTS Board through an Annual Report. This will be timed to support finalisation of the SCTS accounts and the Governance Statement and will summarise its conclusions from the work it has done during the year.

## Responsibilities

8. The ARC provides ongoing assurance that its delegated responsibility is operating effectively. In doing so it will advise the SCTS Board on:

- the effectiveness of processes for governance, risk, control and the Governance Statement, taking into account key risks and issues raised by other SCTS Board Committees;
- the accounting policies, the accounts and the annual report, including the process for reviewing the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity, results and effectiveness of internal audit, taking into account the risks facing the SCTS;
- the results of external audit work and assurance that this work is effectively co-ordinated with that of internal audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the corporate governance requirements for the organisation and delivery of objectives that support best value themes.;
- (where appropriate) proposals for tendering for either Internal or External 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;
- the ARC will also periodically review its own effectiveness and report the results of that review to the SCTS Board.

## Rights

9. The ARC 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 the organisation, subject to budgets agreed by the SCTS Board.

## Access

10. The Head of Internal Audit and the representative of External Audit (Audit Scotland) will have free confidential access to the Chair of the ARC.

## Meetings

11. The ARC will meet at least four times a year. The Chair of the ARC may convene additional meetings, as he/she deems necessary.

12. A minimum of **three members** of the ARC will be present for the meeting to be deemed quorate.

13. ARC meetings will normally be attended by:

- the SCTS **Accountable Officer**,
- the SCTS **Chief Finance Officer**,
- the SCTS **Director Finance**,
- the **Head of Internal Audit or delegate (currently Scottish Government)** and
- **a representative of External Audit (currently Audit Scotland)**;

14. The ARC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

15. The ARC 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;

16. The Accountable Officer may ask the ARC to convene further meetings to discuss particular issues on which he/she seeks the Committee's advice.

### **Core Work Programme**

17. The ARC will have a Core Work Programme to inform the Agenda for its meetings and this will include the following:

- Review management actions relating to audits, ensuring that they are completed to agreed timescales.
- Review the corporate risks identified and managed by the organisation, through in-depth scrutiny of high risk areas (in workshop sessions), annual consideration of the corporate risk register (jointly with the Board) and periodic consideration of the corporate risk register to ensure it is comprehensive and up to date.
- Agree Internal Audit's work plan, review progress during year and consider final audit opinion.
- Consider (emerging) External Audit opinion and advise the Accountable Officer on signing the accounts and the Governance Statement.
- Review and consider the accounts.
- Consider the External Audit management letter for the previous year, any emerging findings from the current interim/in-year work of External Audit, and External Audit's approach to their work.
- Consider any residual actions arising from the previous year's work of both Internal and External Audit.
- Consider the Committee's own effectiveness in its work.
- Review Audit and Risk Committee Remit (Terms of Reference)
- Agree the Audit and Risk Committee's annual report to the Board.
- Consider the External Audit strategy/plan.
- Consider areas in which the Committee will particularly promote co-operation between auditors and other review bodies in the coming year.

The Core Work Plan may be reviewed and updated as the ARC may determine.