

SPS RISK MONITORING AND AUDIT COMMITTEE - TERMS OF REFERENCE

Role of the Risk Monitoring and Audit Committee

1. The role of the Risk Monitoring and Audit Committee (RMAC) is to act as an independent scrutiny body, without executive powers, advising the Agency Accountable Officer (Chief Executive) and to support the Advisory Board in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.
2. In carrying out its role, the RMAC will consider and comment on the suitability of audit plans and associated processes in relation to the published Risk Register of the organisation, consider and comment on the resources allocated to the execution of that plan, including the skills and competences of the audit team.
3. In order to carry out its role effectively, the RMAC will commission, receive and review regular internal performance reports, including the Annual Statement of Corporate Governance. The RMAC will receive and review SPS' Annual Statement of Accounts.

Authority

4. The Accountable Officer has the authority to appoint and remove the Chairman of the RMAC.
5. The Chairman of the RMAC may if he/she deems it appropriate, appoint a deputy to act in his or her absence.
6. The Accountable Officer will, in discussion with the Chairman, make arrangements to provide suitable administrative support through the Offices of the Chief Executive for the RMAC.
7. The RMAC, through the Chairman, will review all aspects of SPS' performance that fall within these Terms of Reference, as set out in paragraphs 1-3 above and may, having secured the agreement of the Accountable Officer for the required budget, seek to obtain legal or other professional advice in connection with the furtherance of its role.

Membership and Attendees

8. Members of the RMAC are appointed by the Agency Accountable Officer in consultation with the RMAC Chairman and may include both Independent RMAC members and SPS Board Non-Executive Directors. Current Chairman and Members of RMAC are:

NAME	DATE OF APPOINTMENT	CESESSATION OF APPOINTMENT
John Graham Chairman	12 03 14	11 03 17
Zoe van Zwanenberg (NED)	01 06 09	30 11 16
Alex McMillan (NED)	25 03 15	25 03 18
Gavin Scott (Independent)	21 01 15	21 01 18

9. The Agency Accountable Officer, along with members of the Executive Management Team, may attend RMAC meetings, but are not members of the Committee. Attendance should normally be dictated by the subject matters under consideration and review.
10. The SPS Head of Audit and Assurance will, at the discretion of the RMAC Chairman, be invited to attend meetings, as will representatives of the SPS external auditors. The representative for external auditors should, in normal circumstances, be the relevant Assistant Director with responsibility for overseeing the audit performance of SPS, as appointed by the Auditor General for Scotland.
11. The composition of the RMAC membership will be reviewed at least annually by the Agency Accountable Officer, in consultation with the Chairman.
12. Members of the RMAC should undergo formal induction training in the role and responsibilities of the RMAC members.
13. Duration of individual membership of the RMAC will be at the discretion of the Agency Accountable Officer, but normally for a period of 3 years.
14. Conflict of Interest Declarations will be required from members prior to appointment and at the start of all formal business thereafter.

Meetings

15. A quorum shall consist of 3 RMAC members, one of whom must be the appointed Chairman or nominated deputy.
16. The Committee will meet at least 5 times each year (normally September, November, February, May and June). Depending on need, the Chairman may convene additional meetings as necessary.
17. Papers for Committee meetings will be circulated to members one calendar week prior to the meeting date.
18. All RMAC meetings will be minuted with a 'draft for comment' to be circulated to members for review within 2 calendar weeks from the date of the meeting. RMAC members should make every endeavour to respond to the 'draft for comment' within one calendar week; a 'draft for clearance' thereafter to be produced within one calendar week and submitted to the Chairman. Once cleared by the Chairman, the final minute to be published within 3 working days.
19. The Audit Committee may ask any or all of those who normally attend but are not members, to withdraw to facilitate frank and open discussions on any particular matter.
20. The Advisory Board or Accountable Officer may ask the RMAC to convene further meetings out with the regular cycle.
21. The Head of Internal Audit and representative of external audit will have free and confidential access to the Chair.

Access

22. It is expected that the RMAC Chairman will meet on a regular basis with the **external audit** engagement lead and similarly, with the SPS Agency Accountable Officer and Head of Audit and Assurance. If the Committee judges it necessary, the Chair should have the opportunity to make an oral report to the Advisory Board and to submit a report to the Learning & Justice Audit Committee.

Reporting

23. The Chairman of the RMAC will provide regular (after each meeting), update reports to the SPS Advisory Board.

24. The Chairman of the RMAC will provide the Agency Accountable Officer and the Advisory Board with an Annual Report, summarising his observations and conclusions from the totality of the work undertaken by the RMAC during the period. The report will be timed to support the compilation and finalisation of the SPS Statement of Annual Accounts and the associated Corporate Governance Statement. This report should be copied to the members of the Advisory Board and the Chair of the Learning & Justice Committee with a copy being sent in advance of this action, to the Director General, Learning & Justice.

Responsibilities

25. The Committee will advise the Advisory Board on:

- The effectiveness of the strategic processes for risk, control and governance, and the Governance Statement;
- The effectiveness of the control environment;
- 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;
- assurances relating to the corporate governance requirements for the organisation and any aspects of corporate governance which are not compliant or effective;
- anti-fraud policies, whistleblowing processes and arrangements for special investigations;
- The appropriateness of the accounting policies and the processes to review the accounts prior to submission for audit;
- the Accounts and Annual Report of SPS and the management letter from the external auditors; and
- the Chairman of the RMAC will also arrange for a review, at least annually, of the RMAC's effectiveness and report the results of that review to the SPS Advisory Board.

Information Requirements

26. The Risk Monitoring and Audit Committee will be provided with:

- minutes of the previous meeting; (at every meeting)
- a report summarising any significant changes to the organisation's Corporate Risk Register and progress in managing major risks; (at every meeting)
- At certain pre-determined meetings, a report from the Head of Audit and Assurance summarising the work performed, key issues emerging from internal audit work, management response to audit recommendations, any resource issues affecting the delivery of internal audit objectives and any major changes to the agreed Annual Audit Plan; (twice yearly)
- a progress report on the Action Log; (at every meeting)
- a progress report from the external audit representative, summarising work done and emerging findings;
- an annual update (June meeting) from the Fraud Response Group;
- An in-depth report on the plans for managing one of the key current risks (at every meeting); and
- A report on recent developments in financial management.

27. As and when appropriate, the Committee will also be provided with:

- the Terms of Reference for Audit and Assurance;
- the Internal Audit Strategy;
- the Audit Needs Assessment;
- the Audit and Assurance 3 Year Strategy Plan;
- the draft Annual Audit and Assurance Plan;
- the Head of Audit and Assurance Annual Opinion and Report;
- the draft accounts of the organisation;
- reports on Executive Directors' Statements of Assurance;
- Reports from external audit
- the draft Governance Statement;

- reports on any changes to accounting policies;
- relevant reports on fraud or attempted fraud within the organisation;
- Annual Report on losses and special payments;
- Annual Reports on investigation into gross misconduct;
- Annual Report on the work of the Conduct Investigation Unit;
- Chairman of RMAC - Draft Annual Report to the Board;
- Annual Report on SPS Performance Management; and
- Annual Report on SPS Communications Strategy.
- Reports from management on responses to external audit recommendations;
- Reports on quality assurance of the Internal Audit function; and
- Reports on cooperation between Internal and external audit.

Communications

28 SPS should take steps to ensure that Committee members, particularly those who are not members of the Advisory Board, can keep up to date with developments in the Agency's work and deepen their understanding of the context in which it is operating.

Committee Effectiveness

29. Annually, the Chairman will arrange for members to assess their individual and collective performance against the relevant template set out in the Audit Committee Handbook and against the 4 agreed "Acid Tests". This performance review will be supported by SPS' Head of Audit and Assurance.

30. The Accountable Officer will annually conduct a performance review of all Non-Executive Directors and Independent Members of the RMAC.

Review

31. The Terms of Reference of the RMAC will be reviewed annually.

Date of Review – January 2016

