

ASSEMBLY COMMISSION AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE (under review)

The Northern Ireland Assembly Commission (Assembly Commission) has established the Assembly Commission Audit and Risk Committee (“ACARC”) to support the Clerk/Chief Executive (in her role as Accounting Officer), the Assembly Commission and Senior Management Team in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the organisation’s assurance needs and reviewing the reliability and integrity of these assurances.

MEMBERSHIP

The members of ACARC include:

- One member of the Assembly Commission; and
- Two independent external members.

ACARC will be chaired by an independent external member.

ACARC will be provided with a secretariat function by the Directorate of Legal, Governance and Research Services.

REPORTING

After each ACARC meeting, all Assembly Commission members, ACARC members and attendees will be provided with the minutes and action points arising from the meeting.

ACARC will provide the Assembly Commission, Accounting Officer and the Senior Management Team with an Annual Report, timed to support the finalisation of accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

The report will summarise the ACARC opinion regarding:

- the effectiveness of governance, risk management and control;

- the comprehensiveness of assurances in meeting the Assembly Commission's and Accounting Officer's needs;
- the reliability and integrity of these assurances;
- whether the assurance available is sufficient to support the Assembly Commission and Accounting Officer in their decision taking and their accountability obligations;
- the implication of these assurances for the overall management of risk;
- any issues ACARC considers pertinent to the Governance Statement and any long-term issues the Committee thinks the Assembly Commission and/or Accounting Officer should give attention to;
- financial reporting for the year;
- the quality of both Internal and External Audit and their approach to their responsibilities;
- ACARC's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed; and
- the manner in which issues involving best use of resources/value for money have been addressed.

The Chairperson of ACARC should attend at least one meeting of the Assembly Commission each year to report in private, without the presence of officials.

The Independent Chairperson and Member of ACARC will undergo an annual appraisal.

RESPONSIBILITIES

ACARC will advise the Assembly Commission, the Accounting Officer and the Senior Management Team on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts and the annual report of the Assembly Commission, 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 Northern Ireland Audit Office (NIAO);
- the planned activity and results of both internal and external audit;

- the adequacy of management response to issues identified by audit activity, including the Report to those charged with Governance from the NIAO;
- assurances relating to the management of risk and corporate governance requirements for the Assembly Commission;
- proposals for tendering for either Internal or External Audit services¹ or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistle-blowing processes and arrangements for special investigations;
- ACARC will annually review its own effectiveness by way of a self-assessment exercise and consider matters of interest to be drawn to the attention of the Assembly Commission; and
- the commissioning of specific audits.

RIGHTS

ACARC may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of the Assembly, subject to budgets agreed by the Assembly Commission.

ACCESS

The Chairperson of ACARC should have right of access to the Speaker in his/her role as Chairperson of the Assembly Commission.

The Head of Internal Audit and the representative of the Northern Ireland Audit Office will have free and confidential access to the Chairperson of ACARC.

MEETINGS

ACARC will meet at least four times a year. The Chairperson of ACARC may convene additional meetings, as they deem necessary.

¹ Where appropriate and with due regard to NIAO's statutory role to carry out the external audit of the Northern Ireland Assembly Commission.

A minimum of two Members of ACARC will be present for the meeting to be deemed quorate. In the absence of the Chairperson, the Independent Member will preside. ACARC Members nominated to represent the Assembly Commission may nominate another Member of the Assembly Commission to attend on their behalf.

ACARC meetings will normally be attended by the Accounting Officer, the Director of Corporate Services, the Director of Legal, Governance and Research Services, the Director of Parliamentary Services, the Head of Internal Audit, the Head of Finance and a representative from the Northern Ireland Audit Office.

ACARC may ask any other officials of the Assembly Commission to attend to assist it with its discussions on any particular matter.

ACARC 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.

The Assembly Commission, the Accounting Officer or Senior Management Team may ask ACARC to convene further meetings to discuss particular issues on which they want the Committee's advice.

At the discretion of the Chairperson, minor matters which require attention between scheduled meetings of ACARC may be dealt with by correspondence and reported to the next scheduled meeting.

INFORMATION REQUIREMENTS

For each meeting ACARC will be provided with:

- A report summarising any significant changes to the Assembly Commission'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 the work of Internal Audit;
 - Management response to audit recommendations;
 - Changes to the agreed Internal Audit Plan; and
 - Any resourcing issues affecting the delivery of the objectives of Internal Audit.
- A progress report (written/verbal) from the NIAO representative summarising work done and emerging findings;
- Copies of all Internal Audit Reports.

As and when appropriate, ACARC will also be provided with:

- 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 Assembly Commission;
- The draft Governance Statement;
- A report on any changes to accounting policies;
- The NIAO'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;
- The NIAO audit strategy;
- Reports on the management of major incidents, "near misses" and lessons learned; and
- The Assembly Commission's Risk Management Strategy; and
- Stewardship Statements.

REGISTER OF INTERESTS

Members of ACARC will record in the ACARC Register of Interests any issues on which they might have a conflict or perceived conflict of interest. ACARC as a whole should consider how matters on which a member may have a conflict of interest will be handled.

ADMINISTRATIVE SUPPORT

The Data Protection and Governance Officer (within the Directorate of Legal, Governance and Research Services) will provide administrative support services to ACARC. The Assembly Commission will be responsible for ensuring compliance with procedures and maintenance of a Register of Interests.

An agenda and papers will be circulated one week in advance of each meeting.

The Assembly Commission will endeavour to send draft minutes and a summary of action points to the Chairperson within ten working days of the meeting. The formal minutes will be posted on the Assembly website within five working days of their approval. Approved action points will be issued to relevant staff.

The Assembly Commission will prepare an induction pack for new members.

REVIEW

The ACARC Terms of Reference will be reviewed annually.

Annex B

INTEGRITY AND CONFLICTS OF INTEREST INFORMATION

In 1995, the Committee on Standards in Public Life defined seven principles, which should underpin the actions of all who serve the public in any way. These are:

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| Selflessness | Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or other friends. |
| Integrity | Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might 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.
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 example.

All successful candidates must uphold the principles and values of public service.

What is a conflict of interest?

The highest standards of propriety, involving impartiality, integrity and objectivity are required of the committee. This means that any private, voluntary, charitable or political interest which might be material and relevant to the work of the committee should be declared.

There is always the possibility for real or perceived conflicts of interest to arise. Both are a problem, as the perceived inference of a conflict may, on occasions, be as damaging as the existence of a real conflict.

It is important, therefore, that you consider your circumstances when applying for appointment and identify any potential conflicts of interest, whether real or perceived.

Surely a perceived conflict is not a problem, as long as I act impartially at all times?

The integrity of the individual is not in question here. However, it is necessary for the standing of the committee that members of the public have confidence in their independence and impartiality. Even a perceived conflict of interest on the part a committee member can be extremely damaging to the committee's reputation and it is therefore essential that these are declared and explored, in the same way as an actual conflict would be. The fact that the committee member acted impartially may be no defence against accusations of potential bias.

What should I do if I think I have a conflict of interest?

You will find a section on the Application Form entitled '*Integrity and Conflicts of Interest*' for you to complete. This section of the form requires you to consider and declare whether or not you have a real, or perceived, conflict. If you are unsure if your circumstances constitute a possible conflict, you should still complete this section, in order to give the Selection Panel as much information as possible.

If I declare a conflict, does this mean I will not be considered for appointment?

No – each case is considered individually. If you are selected for interview, the Selection Panel will explore with you how far the conflict might affect your ability to carry out the functions of the committee effectively and impartially and how this might be handled, if you were to be appointed. However, if, following the discussion with you, the Selection Panel believes that the conflict is too great and would call into question the integrity of the appointment they can withdraw your application from the competition.

What happens if I do not declare a known conflict, which is then discovered by the Assembly Commission after my appointment?

Again, each case would be considered on its merits, but the Assembly Commission may take the view that by concealing a conflict of interest, you would have deemed to have breached the Seven Principles of Conduct Underpinning Public Life and may terminate your appointment

What happens if I do not realise a potential conflict exists?

This situation may arise where the applicant is not familiar with the broad range of work which a body covers and therefore does not realise that a conflict might exist. In some cases, the Panel, with their wider knowledge of the body, might deduce that there is a potential conflict issue, based on the information on employment and experience provided by the candidate in the application form.

What happens if a conflict of interest arises after an appointment is made?

This could arise for two main reasons. The first is that the member's circumstances may change, for example, they may change jobs and in doing so, a conflict with their work on the committee becomes apparent. The second is where a member is unfamiliar with the range of the work of the committee, but after appointment, it becomes clear that a conflict exists where none had been envisaged during the appointment process.

In both cases, the issue should be discussed with the Chairperson of the committee and the Clerk/Chief Executive to decide whether or not the member can continue to carry out their role in an appropriate manner and each case is considered individually.

It may be that the conflict is such that it would be impractical for the

member to continue on the committee, if they would have to withdraw from a considerable amount of the committee's routine business. In such cases, the member may be asked to stand down from the committee.

Areas where a conflict could arise

There are a number of issues, which could lead to real, or apparent, conflicts of interest. These include:

- Relevant pecuniary or other interests outside the organisation
- Relationships with other individuals/parties/organisations which could lead to perceived or real split loyalties
- Perception of rewards for past contributions or favours
- Membership of some societies or organisations

The above list of issues is not exhaustive, so you should consider carefully your own circumstances to gauge whether or not a real, or perceived, conflict might exist.

Staff of the Northern Ireland Assembly Commission

