SCOTTISH FIRE AND RESCUE SERVICE BOARD

CORPORATE GOVERNANCE

TERMS OF REFERENCE FOR THE
AUDIT AND RISK ASSURANCE COMMITTEE

Original Author/Role	Neil Pirie, Board Member
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Quality Control (name)	Brian Baverstock, Board Member
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VERSION HISTORY

Version	Change	Who	When
1.0	First version issued	Neil Pirie, Chair	20/07/2013
11.0	Section 2 added to standardise with all other ToRs. Sections renumbered throughout. Section 4.1 & Section 4.2 amended to clarify publishing of minutes. Section 5.1 – 5th bullet point amended to include 'and inspections' added to include HMFSI. Section 5 – 8th bullet point amended to remove 'on request'. Section 5 – 11th bullet point amended to include 'information governance and cyber security'. Section 9.1 amended to clarify relationships and Committee titles. Appendix 1 – 'Interim' removed from title of Deputy Chief Officer (Corporate Services). Minor spelling and grammatical amendments throughout.	GC Chris Casey	13/05/2025

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1. INTRODUCTION

1.1   The Scottish Fire and Rescue Service (SFRS) have established a Committee of the Board, known as the Audit and Risk Assurance Committee ("the Committee").

2. PURPOSE

2.1   The overall purpose of the Committee is to provide independent assurance to the Board and the Accountable Officer on the adequacy and effectiveness of the policies, procedures and systems relating to internal controls, risk management and governance. Central to this role is the Committee's assessment of the comprehensiveness, reliability and integrity of assurances it receives.

2.2   The Committee is authorised by the Board to make decisions within their limits of responsibilities under these Terms of Reference.

2.3   Along with all staff, the Board and its Committees have a key part to play embedding and living 'Our Values' – Safety, Teamwork, Respect and Innovation – and promote a culture of equality, diversity and inclusion.

3. MEMBERSHIP

3.1   The Committee will comprise five members appointed by the Board, including a Chair and Deputy Chair. The Committee will be supported by the Accountable Officer and other staff, as appropriate to the agenda.

3.2   The Board should ensure that the Chair and Members have the relevant expertise, experience, training, development and support.

3.3   The Committee may invite representatives of related partner organisations, as appropriate, to Committee meetings to assist with the work of the Committee.

3.4   The composition and effectiveness of the Committee will be reviewed annually by the Board. A full list of the membership is detailed in Appendix 1.

4.   REPORTING

4.1   Minutes of the public meetings of the Committee will be submitted to meetings of the Board. The Committee may submit special reports to the Board as required.

4.2   Minutes of the public meetings of the Committee will be published on the SFRS website.

4.3   The Chair of the Committee will provide a quarterly verbal report to the Board.

4.4   The Committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the Annual Governance Statement, summarising its conclusions from the work it has conducted throughout the reporting year.

5.   RESPONSIBILITIES

5.1   The primary responsibility of the Committee is to effectively scrutinise, challenge and ensure continuous improvement, while also advising and supporting the Board and Accountable Officer on the appropriateness of:

- Strategic processes for risk management, including risk appetite, the control environment and governance;
- Annual governance statement and effectiveness of the internal control environment;
- Effectiveness of the Assurance Framework;

- Accounting policies, the accounts, and the annual report for the organisation, including the process for the review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;

- Planned activity, remit and results of both internal and external audit and inspections;

- Adequacy of management response to issues identified by audit activity, including external audit's management letter / report;

- Adequacy of management response to risks identified through the Strategic Risk Register pertinent to the business of the Committee;

- Assurance that other committees are undertaking scrutiny of risk, as appropriate, through an overview of which risks are being scrutinised by each Committee, receiving a progress update, against aligned strategic risks for all the Committees as captured within the Strategic Risk Register;

- Assurances relating to the Corporate Governance requirements for the organisation and forward planning in this area, aligned to the SFRS Good Governance Framework and best practice;

- Proposals for tendering for either internal audit services or for purchase of non-audit services from contractors who provide audit services; and

- Anti-fraud and corruption policies, information governance and cyber security, whistleblowing processes and arrangements for special investigations.

5.2   These broad areas of responsibility give the Committee scope to continually monitor and review Audit and Risk Assurance related matters as deemed necessary.

5.3   The Committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

5.4   All Committees must endeavour to avoid duplication of work of other Committees by focusing on specific delegated areas of responsibility.

Overall co-ordination of work is overseen by the Integrated Governance Forum – section 9.2.

6.   RIGHTS

6.1   The Committee is authorised by the Board to make decisions within their limits of responsibilities under these Terms of Reference, as detailed within Section 5.1. This however is subject to ensuring that any decision made does not adversely impact on the Strategic direction of the SFRS, which will continue to be subject to Board scrutiny and governance arrangements.

6.2   The Committee may:

- Scrutinise the delegated areas of responsibility referred to in Section 5 above;
- Invite additional members for a limited period to provide specialist assistance. However, where there is associated expense, this must have prior approval from the Chair of the Board and Accountable Officer;
- Procure specialist advice at the expense of the organisation, subject to budgets agreed by the Chair of the Board and Accountable Officer;
- Approve previous Committee minutes at the next Committee meeting;
- Hold private workshop sessions, as required, for development purposes and to accommodate organisational input and support.

7.   ACCESS

7.1   Members of the Strategic Leadership Team, Internal Audit and External Audit will have free and confidential access to the Chair of the Audit and Risk Assurance Committee.

8.   MEETINGS

8.1   The procedures for meetings are:

- To meet formally and in public at least on a quarterly basis;

- To consider and agree, in line with the [Standing Orders](), whether any item on the Agenda needs to be considered in private;

- For the Chair of the Committee, in consultation with Members, to request an additional meeting if considered necessary;

- A minimum of 3 Committee members will be present for the meetings to be deemed quorate;

- In the absence of the Chair, the Deputy Chair will assume the responsibilities of the Chair. In both their absence and in agreement with the remaining three Committee members present, any one member is authorised to assume the role of Chair for the duration of the meeting;

- The Committee may ask any other officials of the organisation to attend, to assist with its discussions on any particular matter;

- The Committee 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 Board or Accountable Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

9. RELATIONSHIP TO OTHER COMMITTEES

9.1 The Committee will have strategic relationships with Executive Boards and the following Committees:

- Service Delivery
- People
- Strategic Planning and Change.

9.2 The Integrated Governance Forum will assist by reviewing and co-ordinating intended outcomes between Committees, to prevent duplication and ensure

alignment of business, capturing any common themes across all Committees.

10.   INFORMATION REQUIREMENTS

10.1   A list of suggested minimum requirements for the inputs which should be provided to the Committee is contained within Appendix 2.

APPENDIX 1 – COMMITTEE MEMBERSHIP

Members

- 5 Board members.

Others in attendance

- Chief Officer – Accountable Officer;
- Deputy Chief Officer;
- Deputy Chief Officer (Corporate Services);
- Director of Finance and Contractual Services;
- Director of Strategic Planning, Performance and Communications;
- Internal Audit;
- External Audit;
- Board Support;
- Other representation, as appropriate and by invite.

APPENDIX 2 – LIST OF INFORMATION REQUIREMENTS

For each meeting, the Audit and Risk Assurance Committee will be provided with:

- A report summarising any significant changes to the organisation's Strategic 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;
  - Significant changes to the audit plan; and
  - Any resourcing issues affecting the delivery of Internal Audit objectives;
- A progress report from the External Audit representative, summarising work carried out and emerging findings.

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

- business update reports from the Accountable Officer;
- the Charter / Terms of Reference of the Internal Audit provider;
- the Internal Audit Strategy;
- the annual Internal Audit Plan;
- 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 management letter / report and letter of representation;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit;
- a report on the Counter Fraud and Bribery arrangements and performance;
- reports from other sources within the "three lines of assurance" integrated assurance framework (e.g. Best Value self-assessment Reviews, Gateway

Reviews, Health Check Reviews, ICT Assurance Reviews, Digital 1st Service Standard Reviews, Procurement Capability Reviews, Procurement Key Stage Reviews).