

Audit and Risk Assurance Committee

Terms of Reference

(Agreed by Board 22 June 2026)

The Board has established an Audit and Risk Assurance Committee (ARAC) to support them in their responsibilities regarding issues of risk, control and governance and associated assurance.

1.0 Membership

The Committee and its Chair shall be appointed by the Chief Commissioner, from among the Board members. The Committee consists of three Board Members plus an Independent External member also appointed by the Chief Commissioner, as set out in Annex 2. ARAC will be provided with a secretariat function by Commission admin staff.

2.0 Reporting

ARAC will:

- formally report to the Board and Accounting Officer after each meeting.
- provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.
- ARAC consider and recommend to Board the Accounting Officer's assurance statement for submission to the sponsor department.

Minutes of the meetings will be circulated to all Board members for approval for publication and copied to DfC as sponsor department, Head of Internal Audit and NIAO.

3.0 Responsibilities

ARAC will advise the Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and, timing permitting, management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit – the annual internal audit plan will be approved by the Board and the Committee will consider whether any subsequent amendments to the plan in-year require Board approval;

- adequacy of management response to issues identified by audit activity, including external audit's Report to Those Charged with Governance;
- assurances relating to the management of risk and corporate governance requirements for the organisation, including regular review of key policies, and occasions when these policies have been used during the year;
- anti-fraud policies, concerns about the Commission processes, and arrangements for special investigations;
- review of cyber risk
- regular review of the budget and any conditions attached to major business cases.

ARAC will also periodically review its own effectiveness and report the results of that review to the Board.

4.0 Rights

ARAC may:

- co-opt additional members (in addition to the Independent member) for a period not likely to exceed one 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 Board.

The Committee is authorised by the Board to deal with any appropriate matter falling within its terms of reference.

5.0 Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of ARAC.

6.0 Meetings

- ARAC will meet at least four times a year. The Chair of ARAC may convene additional meetings, as they deem necessary;
- A minimum of two members of ARAC will be present for the meeting to be deemed quorate;
- ARAC meetings will normally be attended by the Accounting Officer, the Head of Corporate Services, Head of Internal Audit, a representative of External Audit, and an observer from the Department for Communities;
- ARAC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;

- ARAC 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. This will be done at least once per year, when members of the committee will meet with both internal and external auditors without staff present;
- The Board or the Accounting Officer may ask the ARAC to convene further meetings to discuss particular issues on which they want the Committee's advice.
- Attendance at meetings can be by electronic means.

7.0 Information requirements

For each meeting ARAC will be provided (one week in advance of the meeting) with:

- a report summarising any significant changes to the organisation's strategic risks and a copy of the strategic/corporate Risk Register;
- management assurance reports;
- reports on the management of major incidents, control enhancements to address potential weaknesses, and lessons learned;
- an update report on the implementation of audit recommendations;
- a budget update;
- a report reviewing any conditions attached to business cases, contracts and agreements with financial implications and providing information on single tender actions;
- a report on any fraud and concerns about the Commission incidents.

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

- 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;
- a progress report from the External Audit representative summarising work done and emerging findings and an annual audit plan;
- proposals for the terms of reference of internal audit / the internal audit charter;
- the internal audit strategy and annual 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 Report to those Charged with Governance;
- a report on co-operation between internal and external audit; and
- the organisation's Risk Management strategy.

Annex 1

Audit & Risk Committee skills requirements

As recommended in the Treasury *Audit Committee Handbook*, members of ARAC should, between them, possess skills and knowledge in all the following areas:

- Accounting
- Risk management
- Knowledge of CCNI's legal role as regulator
- Experience of managing similar sized organisations
- Understanding of the wider environment in which CCNI operates
- Detailed understanding of the government environment and accountability structures

Annex 2

Current membership

Hugh McKeag (Chair)

Alan Hunter

Leanne McCullough

Caron Alexander (Independent member appointed until 28 February 2027)

Audit & Risk Assurance Committee
Annual schedule of meetings
(Updated March 2026)

Standing items

- Corporate Risk register (incl in depth discussion of one risk)
- Audit recommendations implementation report
- Review of business case approvals, contracts & agreements
- Twice-yearly Assurance Statement
- DAO/FD letters summary
- Budget
- Raising Concerns about the Commission

February/March meeting

- Risk appetite for new business plan objectives
- Review Terms of Reference
- Internal Audit Strategy/Plan
- NIAO Audit Strategy
- NIAO update on 9 month accounts
- Review Fraud policy (including Bribery risk assessment annual) (Annual)
- Review Risk management policy (Annual)
- Cyber security Update

May meeting

- Review of draft accounts
- Draft Governance Statement
- ARAC Annual Report
- Internal Audit Report Assignment 2 Report
- Internal Audit Annual Report
- Internal Audit quality review and data sharing agreement (every other year – next 2026)
- Report on SMT and Board expenses

September meeting

- NIAO Report to Those Charged with Governance
- Committee self-assessment
- Meeting of members and Auditors without staff present
- Review Finance procedures (annual)
- Review information security policy (2026)
- DoF Annual Fraud Report
- Cyber security Update

November meeting

- Summary of self-assessment exercise
- Review Business continuity plan (2027)
- Review Raising Concerns about Commission policy (2027)
- Assurance check of MOUs/SLAs