

# Public Services Delivery Scotland

## Audit & Risk Committee Terms of Reference

### 1. Purpose

- 1.1. The Audit & Risk Committee, referred to hereafter as “the Committee”, shall review the effectiveness of the organisation’s governance arrangements, financial systems, internal controls and risk management practices. The Committee shall also provide independent advice and support to the Chief Executive, as the Accountable Officer, and the Board on these matters.
- 1.2. The Committee shall operate within the Corporate Governance Framework<sup>1</sup> approved by the Board and in accordance with the principles outlined in the [Blueprint for Good Governance](#). The Committee is established in accordance with the [Scottish Public Finance Manual](#) and the Scottish Government’s [Audit & Assurance Committee Handbook](#).

### 2. Membership and Attendance

- 2.1. At least five members will be appointed to the Committee by the Board. The Chair of the Committee will be nominated by the Chair of the Board and thereafter confirmed by the Board. The Committee may nominate a Vice Chair from among the membership to deputise for the Chair of the Committee as required. The Committee’s current composition is as follows:
  - **Chair:** J. Ford.
  - **Vice Chair:** B. Lawton.
  - **Members:** P. Buchanan; S. Cowan; G. Greenhill.
- 2.2. The Chair of the Board or any employee of the Board may not be a member of the Committee. The Chair of the Board may attend Committee meetings.
- 2.3. In accordance with paragraph 9.9 of the Standing Orders, the Board may appoint co-opted members to the Committee. Co-opted members shall contribute to the business of the Committee but will not have the right to vote. The Committee does not currently have co-opted members.
- 2.4. The Committee will routinely invite the Chief Executive and members of the Transitional Leadership Group to meetings. The Executive Director of Finance, Corporate Governance and Legal Services and the Executive Director of Finance will serve as Executive Lead(s) for the Committee. Other officers may be invited to attend meetings as required.
- 2.5. The Committee, subject to the approval of the Board and budgets agreed by the Accountable Officer, may procure specialist ad-hoc advice at the expense of the organisation.

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<sup>1</sup> The Corporate Governance Framework includes the Standing Orders, Scheme of Delegation, Standing Financial Instructions, Board Assurance Framework, Code of Conduct and Committee Terms of Reference.

### **3. Meetings and Quorum**

- 3.1. The Committee shall meet at least four times per year. Meetings and business will be conducted in accordance with the Standing Orders, as approved by the Board.
- 3.2. The quorum for a meeting of the Committee shall be no less than one-third of the members, as outlined in paragraph 2.1, who are entitled to vote and, in any event, not less than three members.
- 3.3. Meetings will not be held in public and the Committee may sit in private without any non-members present for all or part of a meeting if they so decide. At least annually, the Committee will meet privately with internal, external and service auditors.

### **4. Reporting**

- 4.1. The Chair of the Committee will provide a report to the Board after each meeting. A copy of the minutes may form the basis of this report. The minutes will reflect when the Committee has met in private.
- 4.2. The Committee shall develop a schedule of business each year to determine the information that it requires at meetings. An annual report shall also be prepared for the Board to provide assurance that the Committee continues to discharge its remit effectively.

### **5. Remit**

The Committee shall:

#### Governance, Risk, Internal Control and Assurance

- 5.1. Support the Chief Executive and the Board to identify and articulate their needs for assurance on risk management, governance and internal control.
- 5.2. Examine and challenge the assurances presented, confirming they are comprehensive, reliable and based on sound evidence.
- 5.3. Review policies, procedures and processes relating to risk management, governance and internal control.
- 5.4. Ensure that the Board Assurance Framework remains proportionate, robust and aligned to organisational objectives.
- 5.5. Provide advice on strategic processes for risk, control and governance, including the governance statement.
- 5.6. Identify weaknesses in risk management, governance and internal control arrangements, and recommend appropriate corrective action.
- 5.7. Confirm that management is addressing previously identified areas of weakness.
- 5.8. Undertake an annual review of the organisation's risk appetite across relevant risk categories.
- 5.9. Assess the effectiveness of the internal control environment and the assurances provided on compliance with corporate governance requirements.

- 5.10. Receive relevant reports under the organisation's Prevent policy in relation to patient, donor, and/or public concerns.
- 5.11. Review annual reports from other Board committees to confirm adequate assurance coverage.
- 5.12. Provide advice on the skills and experience required to support the Committee's effectiveness.

#### Internal Audit

- 5.13. Recommend to the Board the appointment and the termination of the chief internal auditor.
- 5.14. Review the internal audit opinion/conclusion and annual report.
- 5.15. Consider the Internal Audit Charter and ensure internal auditors have arrangements in place to implement the Global Internal Audit Standards.
- 5.16. Examine the planned and actual activity of internal audit and assess the performance of the internal audit function.
- 5.17. Consider management responses to internal audit findings and recommendations.
- 5.18. Scrutinise the purchase of non-audit services from audit providers.

#### Service Audit

- 5.19. Review the service audit opinion/conclusion and annual report.
- 5.20. Consider the Service Audit Charter and ensure service auditors have arrangements in place to implement the Global Internal Audit Standards.
- 5.21. Examine the planned and actual activity of service audit and assess the performance of the service audit function.
- 5.22. Consider management responses to service audit findings and recommendations.

#### External Audit and Financial Reporting

- 5.23. Receive assurance that, on appointment of a new external auditor by the Auditor General for Scotland, all required checks specified by Audit Scotland and the Scottish Public Finance Manual have been completed.
- 5.24. Consider the letter of representation to external auditors.
- 5.25. Examine the planned and actual activity of external audits and assess the performance of the external audit function.
- 5.26. Consider management responses to external audit findings and recommendations.
- 5.27. Approve changes to the organisation's accounting policies.
- 5.28. Review the Annual Report and Accounts prior to the Board's final review and approval.

- 5.29. Consider annual reports on expenditure on management consultants, losses and special payments, the Fraud and Other Illegal Acts Register and any overdrawn banking accounts.

#### Information Governance

- 5.30. Oversee compliance with legislation, national standards and Common Law duties covering confidentiality, data protection, Caldicott principles, information and cyber security, freedom of information and records management.
- 5.31. Receive performance reports on information governance at each meeting and seek assurance that improvements are being delivered.
- 5.32. Ensure the organisation has effective mechanisms to monitor and report incidents, risks and complaints involving information governance.
- 5.33. Consider information governance issues, risks, and complaints at each meeting, and seek assurance that the required actions, learning, and improvements have been implemented.

#### Other Responsibilities

- 5.34. Undertake an annual self-evaluation exercise, based on the Scottish Government's [Audit & Assurance Committee Handbook](#), to assess the effectiveness of the Committee, the organisation's internal controls, financial reporting, and internal and external audit arrangements.
- 5.35. Oversee governance arrangements for Board-delegated performance measures and report progress to the Board.
- 5.36. Commission further assurance activity where areas require additional scrutiny.
- 5.37. Escalate significant issues arising from the Committee's work to the Board.

## **6. Review and Approval**

- 6.1. The Committee shall review these Terms of Reference at least annually. Any amendments shall be submitted to the Board for consideration and approval before they take effect.
- 6.2. The Board approved the Committee's Terms of Reference (Version 1.0) on 2 April 2026.