Department of Finance

Departmental Audit and Risk Committee

Terms of Reference (updated June 2026)

Introduction

1. An Audit and Risk Committee (the Committee) has been established to support the Departmental Accounting Officer in their responsibilities for issues of risk, control and governance, and associated assurance. The terms of reference sets out the role and authority delegated to the Committee by the DoF Departmental Board. The Committee has been established and functions in accordance with best practice contained in the Audit and Risk Assurance Committee Handbook (NI) 2018 issued under DAO (DoF) 03/18 in March 2018, HM Treasury Audit and Risk Assurance Committee Handbook issued in July 2024.

Purpose

2. The purpose of the Committee is to support the Accounting Officer and Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. Additionally, the Committee will give advice to the Accounting Officer on the adequacy of coverage of audit arrangements (internal and external) to provide the required assurances. The Committee does not have any executive responsibilities and is not charged with making or endorsing any decisions.

Membership

3. The membership of the Committee will comprise at least 2 non-executive members and one independent member. The non-executive members will be non-executive members of the Departmental Board. The Committee is chaired by an independent non-executive member of the Departmental Board.

4. With the approval of the Accounting Officer/Departmental Board the Committee is empowered to both:

- Co-opt members for a period of time (not exceeding a year) to provide specialist skills, knowledge and experience which the Committee needs at a particular time; and
- Procure specialist advice at the expense of the Department on an ad-hoc basis to support them in relation to particular pieces of Committee business.

Meetings

5. The Committee will meet at least 5 times a year. The Chair of the Committee may convene additional meetings as deemed necessary, to include Deep Dive’s on key risk issues identified.

6. Committee meetings will be scheduled, as far as is practicable, in advance of a meeting of the Departmental Board.

7. The current membership of the Committee is set out at Appendix 1. Committee meetings will normally be attended by the Accounting Officer, the Finance Director, the Head of Internal Audit, the Head of Corporate Governance Branch and a Northern Ireland Audit Office (NIAO) representative. However, the Committee may ask any other Departmental officials to attend to assist it with its discussions on any particular matter.

8. 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.

9. The Accounting Officer or Departmental Board may ask the Committee to convene further meetings to discuss particular issues on which the Committee’s advice is required.

10. A minimum of 2 members of the Committee will be present for the meeting to be deemed to have a quorum. It is the responsibility of the Chair and the Secretariat to ensure that members who have missed a meeting are appropriately briefed on the business conducted in their absence.

Access

11. The Chair of the Audit and Risk Committee shall have free access to the Internal and External audits as required. Departmental Audit and Risk Committee members will hold meetings with the Head of Internal Audit, NIAO representatives and the Accounting Officer at least annually.

Responsibilities

12. The Audit and Risk Committee will advise the Departmental Board on:

- The strategic processes for risk, control and governance and the annual Governance Statement;
- The Department's accounting policies, accounts and annual report, including the process for review of the accounts prior to submission for audit, levels of error identified and the letter of representation to the NIAO;
- Anti-fraud policies, raising concerns processes, and arrangements for special investigations;
- The role of Internal Audit including:
    - The Internal Audit Strategy and periodic Internal Audit plans, forming a view on how well they reflect the Department's risk exposure and support the Head of Internal Audit's responsibility to provide an audit opinion;
    - The adequacy of the resources available to Internal Audit;
    - The Internal Audit charter/terms of reference;
    - The results of Internal Audit work, including reports on the effectiveness of systems for governance, risk management and control, and management responses to issues raised;

    - The annual Internal Audit opinion and annual report; and
    - The performance of Internal Audit;
- The results of, and planned approach to, external audit work and resolution of identified weaknesses, including potential implications for the Department of the wider work carried out by NIAO (for example, Value for Money reports);
- Assurances relating to the corporate governance requirements for the Department; and
- Proposals for tendering for either Internal Audit or NIAO services or for purchase of non-audit services from contractors who provide audit services.

Information requirements

13. The Audit and Risk Committee will be provided with:

(a) For each meeting:

- A report summarising any significant changes to the Department's Corporate Risk Register and the reasons for the change;
- 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;
    - Changes to the Plan; and
    - Any resourcing issues affecting the delivery of Internal Audit objectives;
- A progress report from the NIAO representative summarising work done and any emerging findings.

(b) As appropriate:

- Proposals for the Terms of Reference of Internal Audit;
- The Internal Audit Strategy;
- The Head of Internal Audit's Annual Opinion and Report;
- Quality Assurance reports on the internal audit function;
- Recommendations Register;
- Assurance Statements;

- Reports on Fraud and Raising concerns;
- PAC recommendations;
- The Department's draft resource accounts;
- The draft Governance Statement;
- A report on any changes to accounting policies;
- The NIAO management letter;
- A report on any proposals to tender for audit functions; and
- A report on co-operation between Internal Audit and the NIAO.

14. The above list suggests minimum requirements for the information that should be provided to the Committee. A schedule of the core work programme can be found at appendix 2.

15. Members will be provided with other documentation as required, e.g. individual Internal Audit assignment reports. Members may be required to attend update sessions or training to enable them to understand the relevant issues.

Communication and Reporting

16. The Committee will formally report back in writing to the Accounting Officer and Departmental Board after each meeting, summarising the business taken by the Committee and offering the views of, and advice from, the Committee on issues which they consider the Accounting Officer and Board should be taking action on.

17. The Committee will provide an Annual Report, timed to support the preparation of the Governance Statement, summarising the Committee's work for the year past, and presenting the Committee's opinion about:
    - The effectiveness of governance, risk management and control;
    - The comprehensiveness of assurances in meeting the Accounting Officer's and Board's needs;
    - The reliability and integrity of these assurances;

- Whether the assurance available is sufficient to support the Accounting Officer and Board in their decision taking and their accountability obligations;
- The implications of these assurances for the overall management of risk;
- Any issues the Committee considers pertinent to the Governance Statement and any long term issues the Committee thinks the Accounting Officer and/or Board should give attention to;
- Financial reporting for the year;
- The quality of both Internal and External Audit and their approach to their responsibilities; and
- The Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

18. The Departmental Audit and Risk Committee will conduct a review of effectiveness following the May meeting each year.

19. The Departmental Board and the Departmental Audit and Risk Committee will review the "Terms of Reference" on an annual basis to ensure that the work of the Audit Committee is aligned with good practice and business needs.

APPENDIX 1

Committee Membership

Chair:

Non-Executive Departmental Board Member

Independent Committee Members:

Non-Executive Departmental Board Member

Independent Member

Other Attendees:

DoF Accounting Officer

DoF Finance Director

Head of DoF Internal Audit

Head of DoF Corporate Governance

Representative(s) of the NIAO

Business Areas from which Directors/Chief Executives may attend as requested:

Communication & Engagement Division (CAED)

Construction & Procurement Delivery (CPD)

Corporate Services Division (CSD)

The Departmental Solicitors Office (DSO)

Digital, Shared Services (DSF)

Finance Division (FD)

Integr8 Programme and Finance Shared Services

NICS Internal Audit Services (IAS)

NICSHR

Northern Ireland Statistics and Research Agency (NISRA)

Land and Property Services (LPS)

People & Organisational Development (P&OD)

Public Spending Directorate (PSD)

Strategic Planning and Reform (SPAR)

Secretariat:

Corporate Governance Branch (FD) provide the secretariat function to the Committee.

Appointment of members by rotation:

The Accounting Officer in consultation with the Chair of the Audit and Risk Committee will be responsible for the appointment of members. Members' first appointments are for a fixed three years, which can be renewed for up to a further three years (hence a maximum of six years).

Appraisal:

The Chair will take the lead in ensuring that Committee members are provided with appropriate appraisal of their performance as a Committee Member and that training needs are identified and addressed. The Chair will seek appraisal of his/her performance from the Accounting Officer.

APPENDIX 2

Core Work Programme

Papers	February DARC	April DARC	May & June Accounts DARC	September DARC	November DARC
Agenda	✓	✓	✓	✓	✓
Draft Minutes & Action Points (of previous meeting)	✓	✓	✓	✓	✓
Internal Audit Papers	✓	✓		✓	✓
Audit Recommendations Register - spreadsheets	✓	✓		✓	✓
Audit Recommendations Register Summary Paper	✓	✓		✓	✓
NIAO Matters	✓	✓		✓	✓
DoF Corporate Risk Register	✓	✓		✓	✓
DoF Business Area Risk Registers		✓			✓
PAC Recommendations	✓			✓	
Fraud	✓	✓		✓	✓
DoF Fraud Risk Assessment					✓ **(biennial)**
Raising Concerns		✓			✓
Raising Concerns Self-Assessment Checklist		✓			
When Things Go Wrong update		✓			
Mid Year Stewardship Papers					✓
End Year Stewardship Papers		✓			
Assurance Statement Summary Report		✓			✓
SEUPB Assurance Paper and update		✓			✓
Direct Award Contracts & External Consultancy	✓	✓		✓	✓
Governance Statement			✓		
Annual Resource Accounts		✓	✓		
Review of DARC Effectiveness		✓			
DARC Annual Report to Dept Board		✓			
Review of DARC Terms of Reference					✓
Papers to Note					
Central Guidance Issued	✓	✓		✓	✓
NISRA ARC Minutes	✓	✓		✓	✓
Annual Theft & Fraud Report	✓				

Data Protection Officer Report		✓			
Information Management Report		✓			
Climate Change Update		✓			✓
Update on significant projects		✓			✓
Conflicts of Interest policy review		✓			
Dates of next meetings	✓	✓	✓	✓	✓