



FCO Services Audit Committee

Terms of Reference

FCO SERVICES

Part of the Foreign and Commonwealth Office

1. Purpose

The Audit Committee (AC) is a sub-Committee of the FCO Services Board providing independent advice to the FCO Services Board and the Accounting Officer in their respective responsibilities for issues of risk, controls, governance and assurance

2. Tasks

The Audit Committee will advise on matters pertaining to:

- The strategic processes for control and governance;
- FCO Services accounting policies and financial accounts, including the process for their review prior to submission for audit and the levels of error identified;
- Anti-Fraud policies, Whistle-blowing processes and arrangements for Special Investigations;
- The planned activity and results of both internal and external audit;
- The adequacy of management response to issues identified by audit activity, including the NAO Management Letter;
- Assurances relating to the corporate governance requirements of the FCO Services;
- Proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services;
- The adequacy and effectiveness of the overall arrangements put in place by management to manage risk;
- The adequacy and effectiveness of the overall arrangements put in place by management to meet Information Management and Information Assurance obligations;
- The Annual Governance Statement;
- The operation and resourcing of Internal Audit.

All Internal Audit, Financial Compliance Unit and NAO activity falls within the scope of the committee, including NAO value for money reports. The committee will also consider assurances and information relating to other areas of risk (e.g. security, business continuity, environmental audit and health & safety) as requested by the Accounting Officer.

The Audit Committee will:

Receive regular progress reports from:

- Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - changes to the Internal Audit Plan;
 - any resource issues preventing the provision of the HoIA's opinion to the Accounting Officer and the consequences;
 - findings of the Financial Compliance Unit, including Whistle Blowing
- External Audit representative summarising work done and emerging findings.
- FCO Services summarising:
 - management response to Internal and External Audit recommendations;
 - progress against the audit action plans;
 - risk management activity since the last meeting;
 - the Assurance Map;
 - progress on Information Assurance.

The Audit Committee will also be provided, as appropriate, with:

- proposals for changes to 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;
- the draft financial Accounts;
- the draft Annual Governance Statement;
- a report on any changes to accounting policies;
- external Audit's Management Letter;
- a report on any proposals to tender for internal audit functions;
- a report on co-operation between Internal and External Audit;
- the FCO Services Risk Management Policy and Risk Appetite Statement.

The Chair of the Audit Committee will be provided with copies of all individual reports that fall within the terms of reference of the committee. Copies will be provided to other AC members on request.

4. Meetings

The Audit Committee shall meet at least four times a year. The Chief Executive (as Accounting Officer) may attend any scheduled meeting and may convene additional meetings in order to discuss particular issues on which the Committee's advice is sought. The Audit Committee Chair may also convene additional meetings.

5. Access

The Head of Internal Audit and the representative of External Audit (NAO) will have free and confidential access to the Chair of the Audit Committee.

The Audit Committee will have access to funding to fulfil its role:

- sufficient to meet remuneration and expenses of members;
- training needs of members; and
- specialist external advice if required.

Requests for funding should be made to the Head of the Secretariat.

6. Rights

The Audit Committee may:

- co-opt additional members for a period not exceeding a 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.

7. Reporting

The Chair of the Audit Committee will report back to the Chief Executive, as Accounting Officer, and FCO Services Board after each meeting, on which occasion a summary of the AC meeting will be circulated as a Board agenda item.

8. Membership

The membership will consist of:

- Chair – a Non-Executive Director, FCO Services Board
- A minimum of one further Non-Executive Director
- Finance Director, FCO

A minimum of two members of the Audit Committee will be present for the meeting to be deemed quorate.

The following are invited to attend each meeting by standing invitation:

- Chief Executive, FCO Services
- The Chair, FCO Services Board
- Finance Director, FCO Services
- Representative from the FCO Services Internal Audit team
- Representative from the NAO

The Secretariat will be provided by FCO Services
Last agreed September 2011 – To be reviewed again September 2012