

1. Membership

1.1 The committee shall comprise at least three members. Members of the committee shall be appointed by the board of Crown Estate Scotland (“the Board”).

1.2 The Board shall appoint the committee chairperson (“the Chair”). In the absence of the Chair at a committee meeting, the remaining members shall elect one of themselves to chair the meeting.

2. Secretary

The Governance Manager shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

The quorum necessary for the transaction of business of the committee shall be two members.

4. Reporting

The audit and risk committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting may form the basis of the report.

The audit and risk committee will provide the Board and Accountable 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.

5. Responsibilities

The audit and risk committee will advise the Board and Accountable 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 the external audit’s management letter of representation;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;

- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The audit and risk committee shall also:

- keep under review Crown Estate Scotland's risk management framework and risk profile;
- review the adequacy and security of Crown Estate Scotland's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- review the effectiveness of Crown Estate Scotland's insurance arrangements;
- review Crown Estate Scotland's complaints handling procedure.

The audit and risk committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

6. Rights

The audit and risk committee may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; for the avoidance of doubt co-optees shall not have a vote but shall act in an advisory capacity; and
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

7. Access

The representative of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the audit and risk committee.

8. Meetings

8.1 The procedures for meetings are:

- the audit and risk committee will meet at least four times a year at appropriate intervals in the financial reporting and audit cycle. The Chair may convene additional meetings, as he/she deems necessary;
- audit and risk committee meetings will normally be attended by the Accountable Officer, the Head of Finance and a representative of External Audit, when required. Additional attendees of audit and risk committee meetings will be decided by the Chair. The chairperson of the Board will be invited to attend meetings;

- the audit and risk committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
- the audit and risk 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 audit and risk committee to convene further meetings to discuss particular issues on which they want the Committee's advice;
- participation may be by telephone or video-conference provided the member's contribution can be fully heard by all other members attending the meeting. In such cases, such members will be deemed to be present and constitute part of the committee for the purpose of the meeting.

9. Notice of meetings

- 9.1 Meetings of the audit and risk committee shall be convened by the secretary of the committee.
- 9.2 Unless otherwise agreed by the audit and risk committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee no later than 7 days before the date of the meeting. Supporting papers shall be sent to the committee members at the same time.
- 9.3 Notices, agendas and supporting papers can be sent in electronic form.

10. Minutes of meeting

- 10.1 The secretary shall minute the proceedings and decisions of all meetings of the audit and risk committee, including recording the names of those present and in attendance, apologies tendered, issues considered, decisions reached and resolutions passed.
- 10.2 Within 5 working days of a meeting, draft minutes will be sent by the Governance Manager to the Chair for approval. The Chair will return the draft minutes, with such revisions as he/she wishes made to the draft. The revised draft minutes returned by the Chair will be circulated to all members of the committee, who may propose amendments to the Governance Manager by email. The draft minutes will be tabled at the next meeting for approval and once approved will be signed by the Chair.
- 10.3 Once approved, minutes will be published on the Crown Estate Scotland website.
- 10.4 Where those present at a meeting of the audit and risk committee determine that any part of the meeting conducted is confidential, that part of the proceedings will be minuted separately and will not be published on the Crown Estate Scotland website.

11. Information requirements

11.1 For each meeting the audit and risk committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register;
- a progress report 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;
 - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report on any open audit points;
- any update on any resourcing or governance issues which may impact the delivery of any aspect of the risk and audit framework.

As and when appropriate the audit and risk committee will also be provided with:

- proposals for the Terms of Reference of Internal Audit;
- the Internal Audit Strategy;
- 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;
- a progress report from the External Audit representative summarising work done and emerging findings.
- External Audit's management letter/report;
- a report on any proposals to tender for audit functions;
- an annual report on fraud and theft.

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