

Audit Committee of the UK Statistics Authority

Terms of Reference - May 2011

1. Introduction

1.1 On 1 April 2008 the UK Statistics Authority formally assumed powers under the *Statistics and Registration Act 2007*. The Authority was given the objective of "promoting and safeguarding the production and publication of Official Statistics that serve the public good". At its meeting on 21 February 2008 [SA(08)06] the Authority agreed to constitute an Audit Committee.

1.2 The purpose of the Audit Committee is to support the Authority Board, the Authority's Chief Executive and Principal Accounting Officer and the Secondary Accounting Officer, the Director General for the Office for National Statistics (ONS) in their responsibilities for issues of risk control and governance. It does this by reviewing the comprehensiveness, reliability and integrity of assurances in meeting the Authority and Accounting Officers' assurance needs. The Committee acts in a scrutiny and advisory capacity and has no executive authority.

2. Role and responsibilities

2.1 The general focus and scope of the work of the Audit Committee will be determined by the aims and objectives as set out in the *Statistics and Registration Service Act 2007* and in the corporate and business plans of the Authority - including those of the Office for National Statistics and the Central Office of the Authority - and the extent of the risks to which the realisation of those aims and objectives is exposed.

2.2 More specifically the Audit Committee will:

- i. consider and approve the Authority's Audit Strategy and Plan;
- ii. ensure that there are levels of assurance in place across the Authority's remit, including, as far as possible, the Official Statistics system; and
- iii. ensure that the internal audit needs of the Authority are being met and that provision meets the requirements of Government Internal Audit Standards (April 2009).

2.3 The Audit Committee will advise the Authority Board and the Accounting Officers on:

- i. the strategic processes for risk, control and governance and the Statement on Internal Control (SIC);
- ii. whether adequate mitigation strategies are in place in the Government Statistical Service (GSS) and the Official Statistics system as a whole to help build in UK statistics and to protect the Authority's reputation;
- iii. the accounting policies, the Annual Reports and Accounts of the Office of National Statistics and the UK Statistics Authority, including the process for review of these Accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors, the Comptroller and Auditor General;
- iv. the results of both internal and external audit;
- v. adequacy of management response to issues identified by audit activity, including external audit's report to those charged with governance (the management letter);
- vi. assurances relating to the corporate governance requirements for the organisation;
- vii. proposals for tendering for internal audit services;
- viii. anti-fraud and anti-corruption policies, whistle-blowing processes and

- arrangements for special investigations; and
- ix. the Audit committee will also review its own effectiveness annually and report the results of that review to the Authority (see 9.1 below).

2.4 The ONS Board considers the operational risks to ONS on a regular basis but the Audit Committee will nevertheless review these periodically and as necessary. The Audit Committee will have a specific remit to consider risks arising from the Monitoring and Assessment and Central Office functions of the Authority.

3. Meetings

3.1 The Audit Committee will meet at least four times a year. The Chair of the Audit Committee may convene additional meetings as may be deemed necessary.

3.2 A minimum of two members of the Audit Committee will be present for the meeting to be deemed quorate. Meetings will normally also be attended by the Accounting Officer for the Authority, the Secondary Accounting Officer for ONS, the Finance Director, a representative of Internal Audit, and a representative of External Audit.

3.3 The Chair of the Audit Committee will conduct all meetings of the Committee except that, in their absence, another member of the Committee appointed by the Chair of the Authority may take the chair. If the Chair has not appointed any other member to take the chair the meeting will be rescheduled.

3.4 The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter; and 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.

3.5 The Chair of the Authority or the Accounting Officers may ask the Audit Committee to convene further meetings to discuss particular issues on which the Committee's advice is required.

3.6 The Chair of the Audit Committee will meet at least annually with the Accounting Officers, the relevant Director of the NAO and the Head of Internal Audit.

4. Reporting

4.1 The Chair of the Audit Committee or another member of the Committee as deputed by the Chair of the Audit Committee shall report to the next meeting of the Authority. The Secretary to the Committee will circulate the minutes of meetings of the Committee to all members of the Authority.

4.2 At least annually the Chair of the Audit Committee will send a written report to the Accounting Officers, copied to the Authority, giving their opinion on the degree of assurance that they believe the Accounting Officers can take in the operation of the control environment within the organisation. The opinion of the Chair of the Audit Committee will be informed by the work of the Audit Committee generally and specifically by audit activity during the year.

5. Chair and Membership

5.1 The Chair of the Audit Committee will be a Non-Executive member of the Authority Board appointed by the Chair of the Authority in consultation with the Accounting Officers.

5.2 The other members of the Audit Committee - not less than two and not more than four - will usually be non-Executive members of the Authority Board appointed by the Chair

of the Authority or, exceptionally, such other non-executive persons as are appointed by the Chair of the Authority in order to provide the necessary skills to enable the Committee to function effectively. In considering who to appoint as members of the Audit Committee the Chair of the Authority will consult with the Chair of the Audit Committee and the Accounting Officers.

- 5.3 The Chair and members of the Audit Committee will receive a formal letter of appointment from the Chair of the Authority which will specify the terms and conditions of appointment.

6. Rights and Access

- 6.1 The Audit Committee may:

- i. investigate any activity within its terms of reference;
- ii. co-opt additional members, with the approval of the Board, for a suitable period to provide specialist skills, knowledge and experience;
- iii. procure specialist ad-hoc advice at the expense of the Authority, subject to agreed budgets;
- iv. seek any information it requires from and meet with any employee of the Authority, including the Office for National Statistics (and all employees are directed to cooperate with any request made by the Audit Committee); and
- v. request but not require the assistance and attendance of members of the Government Statistical Service (GSS) and this may be subject to their department's approval.

- 6.2 The Head of Internal Audit and the representatives of external audit (NAO) will have free and confidential access to the Chair of the Audit Committee.

7. Information Requirements

- 7.1 For each meeting the Audit Committee will be provided with:

- i. a report summarising any changes to the Authority's Risk Register and any significant changes or areas of concern at operational risk level;
- ii. a progress report from Internal Audit summarising key issues emerging from Internal Audit work;
- iii. management response to audit recommendations;
- iv. progress against and any proposed changes to the Internal Audit Plan;
- v. any resourcing issues affecting the delivery of Internal Audit objectives; and
- vi. a progress report from the External Audit (NAO) representative summarising work done and emerging findings if appropriate.

- 7.2 As appropriate the Committee will also be provided with:

- i. proposals for the Terms of Reference of Internal Audit;
- ii. the Internal Audit Strategy;
- iii. the Head of Internal Audit's Annual Opinion and Report;
- iv. quality Assurance reports on the Internal Audit function;
- v. the draft accounts of the organisation;
- vi. the draft Statement on Internal Control (SIC);
- vii. a report on any changes to accounting policies;
- viii. external Audit's report to those charged with corporate governance (the management letter) and audit strategy;
- ix. a report on any proposals to tender for audit functions;
- x. a report on cooperation between Internal and External Audit; and
- xi. a report from the Finance Director on the risk of financial fraud.

8. Review of Effectiveness, Appraisal and Training

- 8.1 In order to ensure that it continues to add value and follow best practice the Audit Committee will carry out a periodic review of its effectiveness and will review its terms of reference annually.

- 8.2 Appraisal of the members of the Audit Committee will be a key feature in ensuring that the effectiveness of the Audit Committee is maintained and improved. These appraisals may be informal and need only be documented when reappointment is being considered.

Membership of the Audit Committee

Non-Executives	Dates
Professor David Rhind (Chair)	From February 2008 to date
Mr Partha Dasgupta	From February 2008 to date
Mr Alex Jablonowski	From July 2008 to date
Sir Jon Shortridge	From February 2010 to date

Non-Executives	Dates
Professor Adrian Smith	From February 2008 to September 2008
Professor Stephen Nickell	From March 2009 to February 2010