**NS&I Audit and Risk Committee**

**Terms of Reference**

**November 2021**

**AUTHORITY**

1. The NS&I Chief Executive, who is appointed by the Chancellor of the Exchequer, bears personal responsibility as Accounting Officer for the National Savings and Investments agency (‘the Agency”) and for the business of National Savings and Investments (NS&I), as determined from time to time by the Treasury through Managing Public Money and other guidance. The Chief Executive also bears separate legal responsibilities as Director of Savings which cannot be delegated.
2. The Chief Executive therefore remains ultimately accountable for the achievement of the Agency’s objectives and for its financial statements, and for giving assurance, via the annual report and financial statements, that the Agency has an effective system of internal control.
3. The Chief Executive is advised by the Board whose advice he/she is expected to accept, except when s/he sees it as conflicting with his/her Accounting Officer responsibilities. The Board delegates to the Audit and Risk Committee oversight of issues relating to internal control, risk management, the annual financial statements, and governance.

**AUDIT AND RISK COMMITTEE RESPONSIBILITIES**

1. The Audit and Risk Committee shall provide independent advice to the Accounting Officer and Board in respect of their responsibilities for issues of risk (both current and emerging), internal controls, governance, and assurance. This includes determining the nature and extent of the principal risks NS&I is willing to take in order to deliver its long-term strategic objectives.
2. The Audit and Risk Committee is responsible for assuring the Chief Executive and the Board on the adequacy of:

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|  |  | assurances relating to the governance requirements for the Agency |
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|  |  | processes in place to ensure appropriate compliance with financial services regulation (in particular including Anti-Money Laundering) |
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|  |  | policies for financial crime, including anti-fraud policies, anti-bribery and corruption, speaking up (whistleblowing) and arrangements for special investigations |
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|  |  | the processes within NS&I and Atos IT Services UK Limited (Atos)[[1]](#footnote-1) for risk, internal control, governance, security, and the Governance Statement |
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|  |  | the accounting policies and accounts and the annual report of NS&I, including the process in relation to their audit and the levels of error and the management letter of representation to the external auditors |
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|  |  | internal audit arrangements within NS&I and Atos, including resourcing to provide the level of independent assurances to the Accounting Officer |
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|  |  | the planned activity and results of both internal and external audit and ensuring value for money from use of overall resources |
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|  |  | management response to issues identified by audit activity, including external audit's management letters |
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|  |  | the relationships between NS&I Internal Audit, Atos Audit and Risk Management (ARM) and the external auditors |
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|  |  | proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services; and will seek assurances from the NAO on the adequacy of arrangements for tendering/subcontracting external audit services. |

1. The Audit and Risk Committee will also annually review its own effectiveness and report the results of that review to the Board.
2. In addition, the Audit and Risk Committee will provide support and guidance to the Head of Internal Audit.
3. The Audit and Risk Committee will have a private discussion at least once a year with the External Auditors.

**DISCHARGE OF RESPONSIBILITIES**

1. To meet its objectives the Audit and Risk Committeewill be provided with

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| At Each Meeting: | | |
|  |  | A report on the programme of projects that covers system renewal, required business and operational changes, focussing on the red projects and highlighting any issues on the programme critical path |
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|  |  | A progress report from the Head of Internal Audit summarising: |
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|  |  | * work performed (and a comparison with work planned) * key issues emerging from Internal Audit work * delays in responding to audit reports, and any overdue implementation of agreed high priority actions, including high rated audit actions which have been granted an extension by the Committee outside the Committee meeting or which require approval at the meeting, depending on which is sooner * changes to the Annual Plan * any resourcing issues affecting the delivery of Internal Audit objectives |
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|  |  | Where appropriate a report from NAO on any key work and emerging findings |
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| Bi-Annually: | | |
|  |  | Receive a report showing the Executive Committee top risks, together with progress on developing the management framework and summarising any significant changes to the NS&I top risks |
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|  |  | Review emerging risks on behalf of the Board |
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|  |  | Assess the effectiveness of Financial Crime, Anti-fraud policy and procedures in NS&I and fraud reporting. |
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| Annually: | | |
|  |  | Receive reports on and considers: |
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|  |  | * Financial Crime and Compliance, including Anti-Money Laundering and overall progress towards regulatory compliance * Anti-bribery and corruption (including Speaking Up/Whistleblowing) * Freedom of Information * Data Protection * Business Continuity and Disaster Recovery * Security and Information Assurance |
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|  |  | Internal Audit and NAO Plans for the coming year |
|  |  | Draft Annual Report and Resource and Product Accounts for clearance, including the form and content of the Governance Statement |
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|  |  | NAO Management Letters and Management responses |
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|  |  | The Annual Opinion and Report of the Head of Internal Audit |
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|  |  | Management’s view of risk appetite |
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|  |  | Determines the nature and extent of the principal risks NS&I is willing to take in order to achieve its long-term strategic objectives. |
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| As Appropriate: | | |
|  |  | Proposals for the Terms of Reference of the Audit and Risk Committee and of Internal Audit |
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|  |  | The proposed Internal and External Audit Strategies for NS&I |
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|  |  | Quality Assurance reports on the Internal Audit functions |
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|  |  | A report on any proposed changes to accounting policies |
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|  |  | A report on any proposals to tender for Internal Audit functions, the draft specification of services, the proposed list of bidders and the recommendation on the firm to be appointed |
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|  |  | Any issues referred to it from time to time by the Board |
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|  |  | Review the effectiveness of the external audit process |
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|  |  | Consider whether any changes are required to the internal audit arrangements. |

**MEMBERSHIP**

1. Membership of the Audit and Risk Committee comprises:

* Up to ~~three~~ four independent Non-Executive Directors, one of whom acts as Chairman, to be nominated by the Board (see also 17 below).
* A representative of Treasury Debt and Reserves Management (DRM) or their nominated representative (normally an individual who sits on the Board as an NED).

The Audit and Risk Committee’s membership should reflect a balance of skills and experience, including a member with recent and relevant experience in finance, accounting or auditing. In addition the Audit and Risk Committee may co-opt additional members for a period not exceeding three years prior to re-appointment, subject to a maximum of six years in total, to provide specialist skills, knowledge and experience, and procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

**ATTENDEES**

1. The NS&I Chief Executive (as Accounting Officer), the Finance Director, Risk Director, Operations Director, and Partnership Director shall attend all meetings (subject to paragraph 14 below).
2. The NS&I Head of Internal Audit, NAO Director (and, under the NAO’s framework agreement, the external Audit Partner responsible to the NAO for the external audit of NS&I’s accounts) are expected to attend all meetings or where this is not possible, ensure the attendance of a substitute.
3. All other NS&I Board members may ask to attend meetings.
4. Other members of NS&I, Atos (including the Atos Account Director, Atos Head of Audit and Risk Management), and HMT may be invited to attend meetings for specific agenda items.
5. 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. In addition the Head of NS&I Internal Audit, the representative of External Audit, Risk Director and Finance Director will have free and confidential access to the Chair of the Audit Committee.

QUORUM

1. Meetings will be quorate only when attended by at least two Committee members, one of whom could be the HMT representative but did not need to be.

CHAIRMAN

1. The Chairman:

* chairs Audit and Risk Committee meetings, managing discussion to ensure all attendees have the opportunity to contribute as they wish; and that as far as is possible the meeting runs to time;
* agrees the final version of the agendas and minutes
* holds meetings with the external auditors at least annually.

In the absence of the Chair for any reason the Committee members present shall agree a Chair *pro tem* for the meeting.

**MEETINGS**

1. The Audit and Risk Committee meets a minimum of five times a year, on dates to be agreed annually. The Chair of the Audit and Risk Committee may convene additional meetings, as deemed necessary; and the Board or the Accounting Officer may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee’s advice***.***

**REPORTING**

1. The Chairman will provide a report on Audit and Risk Committee proceedings at Board meetings. The minutes of Committee meetings will be circulated to all Board members in advance of Board Meetings to enable the Board to discuss matters where appropriate.
2. The Chairman will prepare an annual report on behalf of the Audit and Risk Committee for the Board, summarising its conclusions from its work in the past year, and timed to support the preparation of the NS&I’s Annual Report.

**PAPERS AND MINUTES**

1. All Audit and Risk Committee agendas, papers and minutes will be circulated to NS&I Audit and Risk Committee members and other standing invitees a minimum of three working days before each meeting.
2. Minutes of Audit and Risk Committee meetings will normally be produced in draft within 3 working days of the meeting.

**SUPPORT TO THE AUDIT AND RISK COMMITTEE**

1. The NS&I Board Secretary acts as Secretary to the Audit and Risk Committee.

**Agreed by the Board 2 February 2022**

1. In these Terms of Reference, reference to Atos IT Services UK Limited or Atos means the part of that organisation relevant to the NS&I business [↑](#footnote-ref-1)