Independent Monitoring Authority
For the Citizens' Rights Agreements

Terms of Reference

Audit and Risk Committee	
Approved by	IMA Board
Version	4.0
Date agreed	January 2026
Next review	April 2027

Role of the Audit and Risk Committee

1. The IMA Audit and Risk Committee ('the Committee') will:
    a. review the comprehensiveness and reliability of assurances on governance, risk management, the control environment;
    b. Review the integrity of financial statements within the IMA; and
    c. Provide support and recommendation to the Board on audit and risk matters
2. ARAC will coordinate its work with external audit, internal audit, and other assurance providers to support effective coverage of risk and control.

Delegations

3. The Board has delegated authority to the Committee to approve:
    a. The IMA's Internal Audit Programme.
4. Actions in relation to this delegated authority shall be referred to as 'decisions'

Additional Responsibilities:

5. The Committee is responsible for:
    a. reviewing accounting policies relating to the financial statements of the IMA, particularly in relation to any changes, and to comment on their adequacy;
    b. seeking assurance on arrangements for:
        i. the effectiveness of financial, risk management and other internal control frameworks;
        ii. corporate governance;

iii. cyber security;

iv. fraud, irregularity and public interest disclosure; and

v. whistleblowing.

c. monitoring of the integrity of the financial statements and report to the Board that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable;

d. overseeing the IMA/MoJ Framework Document;

e. reviewing of the Governance Statement and Management Assurance Statement;

f. reviewing the work and effectiveness of the internal audit function; and

g. reviewing of the work of the external auditor.

6. Where there are significant risks, control issues, or audit findings, the Committee will escalate these to the Board where they may materially affect the IMA's statutory duties, reputation, or financial standing.

7. The Committee will provide the Board with advice on the draft Governance Statement and related disclosures in the Annual Report.

8. All other actions taken by the Committee other than those under paragraph 3 will be made by recommendation to the Board and shall be referred to as 'recommendations'.

Membership and Attendance

9. The Committee consists of:

    a. The Chair (non-executive member),

    b. Two appointed non-executive members of the Board.

    These are collectively referred to as Committee members.

10. With additional attendees including

    a. Accounting Officer / Chief Executive,

    b. Director of Governance and Corporate Services,

    c. External Auditor (standing invite),

    d. Internal Auditor (standing invite),

    e. Head of Arm's Length Body Centre of Expertise (MoJ).

11. Any such additional attendee attending a meeting in any one of these capacities (including a Board Apprentice) will not be entitled to vote and may be asked to withdraw from the meeting at any point.

12. The Chair of the IMA has a standing invitation to Committee meetings, although is not a voting member of the Committee.

13. The Committee will be chaired by a non-executive member. The Chair may, if they so choose, nominate another committee member as a deputy to chair the meeting in their absence.

14. The meeting is not quorate unless at least two of the Committee members appointed are present.
15. In the event that quorum is not reached, decisions and recommendations may be made by Chair's action, by correspondence, by calling an additional meeting or will be deferred to the next Committee meeting.
16. The term of appointment for Committee Members will be specified on appointment and will be renewable where appropriate.
17. With the Chair's consent, other staff may be invited to contribute to discussions where they have a particular interest or involvement in agenda items.

Process

18. The Committee will meet quarterly. Additional meetings may be convened when considered necessary and business may be conducted under the Board Standing Orders that govern Electronic Business. Such items will be noted in the agenda as having been determined and their decision or recommendation subsequently logged.
19. Meetings will be held in private session.
20. The following will be standing agenda items:
    a. Previous minutes and actions,
    b. Declaration of Interest(s),
    c. Business for noting (i.e. where business has taken place outside of the meeting, it should be noted for audit trail purposes),
    d. Corporate Risk Register,
    e. Update from External Audit,
    f. Update from Internal Audit,
    g. Corporate Governance / Management Assurance,
    h. Forward Look.
21. The Chair will agree the meeting agenda and where necessary will discuss an agenda item with the originator of a proposal prior to the meeting to clarify purpose and presentation.
22. The Secretariat team will maintain the minutes, rolling action sheet, and a decisions and recommendations log to provide a record of business conducted and decisions/escalations made, inside and outside of the regular meeting.
23. Decisions and Recommendations the Standing Orders relating to Voting shall apply to the Committee.

Electronic Business

24. The Board Standing Orders governing electronic business shall apply to the Committee.

Decisions by Chair's Action

25. Chair's action may be used in exceptional circumstances where a decision is required urgently, and it is not possible to wait for the next meeting nor to consult the membership by correspondence. In such cases the Chair may take a decision on any matter within the Committee's delegated authority.

Decisions and Recommendations at an additional meeting

26. The Chair can call an additional meeting to deal with any particular issue if required. E.g. if further information is required that means a decision or recommendation has not been taken in a formal meeting and the issue cannot wait until the next meeting or is considered to warrant further discussion rather than approval via correspondence.

27. All decisions and recommendations made under the Electronic Business standing orders, by Chair's Action or at an additional meeting, must be reported at the next Committee meeting and recorded in the minutes.

Conduct

28. Committee Members must be honest and impartial in the exercise of their duties. They must not allow their judgement or integrity to be compromised or permit there to arise any reasonable grounds for suspicion as to the compromise of their judgement and integrity. Committee members will be expected to abide by standards enunciated in The Seven Principles of Public Life.

Independence

29. The Committee will meet privately without any non-members present for all or part of a meeting at least once a year or as required.

30. The Chair of the Committee will meet with each of the Accounting Officer(s), the Director of Governance and Corporate Services, the Head of Internal Audit and the external auditor's senior representative outside of the formal meeting structure at least once a year or as required.

31. Internal Audit will have unrestricted access to the Chair of the Committee and Chief Executive/Accounting Officer as required.

Papers and Reporting

32. Papers must be concise and clearly set out: the issues, the action requested of the Committee and the actual or potential impact and any relevant financial or other considerations. Papers submitted for circulation will have been discussed with interested parties in good time to meet deadlines.

33. All papers for consideration by the Committee must be:

    a. approved by the relevant Director;

    b. provided to the Secretariat no later than eight days in advance of the meeting; and

    c. circulated to members seven days before the meeting.

34. Late papers will only be accepted by the Chair in exceptional circumstances.

Transparency

35. Action points from each meeting will be circulated to action owners within five working days of the meeting. The minutes will be circulated to the Chair within ten days of the meeting.

36. The Audit and Risk Committee Terms of Reference will be published on the IMA website.

Conflicts of Interest

37. Any attendee who becomes aware of a potential conflict of interest relating to matters to be discussed by the Committee must give prior notification to the Chair. If this is not possible, or if the conflict only becomes apparent at the meeting, they should declare this at the meeting and, where necessary, withdraw during discussion of the relevant agenda item.

Review

38. These Audit and Risk Committee Terms of Reference will be reviewed annually, or sooner if required by changes in the Delegation Policy or to legislation.