

NATIONAL INSTITUTE FOR HEALTH AND CARE EXCELLENCE

Audit and Risk Assurance Committee

Terms of reference and standing orders

Terms of Reference

1. The purpose of the audit and risk assurance committee is to provide an independent and objective view of governance and internal control at NICE and to advise the board accordingly.
2. The committee's duties and responsibilities are to:
 - Review the adequacy and effectiveness of NICE's governance arrangements, particularly those relating to:
 - risk management
 - the use of resources and internal financial controls
 - information governance and records management
 - cyber security and IT system resilience
 - health and safety
 - the safeguards against fraud, corruption and bribery
 - the raising and investigation of concerns (whistleblowing and freedom to speak up)
 - the declaration and management of interests by those working for NICE as an employee or through contributing to the advisory committees.
 - Review the annual report and accounts, together with the accompanying internal audit opinion and external audit opinion, with particular focus on the annual governance statement, consideration of key accounting policies and practices, estimates and judgements and the quality of the year-end financial statements, unadjusted misstatements, major judgemental areas, and significant adjustments arising from the audit.
 - Ensure there is an effective internal audit and external audit function in place which meets mandatory standards and provides independent assurance to the committee, chief executive and the board.
 - Review the findings of internal and external audit, and review management's responses to recommendations made.
 - Annually review its own effectiveness and report the results to the board.
3. To meet these responsibilities, the committee will:
 - review the strategic risk register each quarter
 - review NICE's information governance and records management arrangements at

least annually

- review cyber security and system resilience reports at least six monthly
- receive an annual report on health and safety
- receive an annual report on breaches of NICE's policies on declaring and managing interests
- review proposed material amendments to the standing financial instructions, standing orders, and reservation of powers to the board and scheme of delegation following their annual review
- approve the internal and external audit work plans annually and review performance against those plans
- ~~consider the appointment and dismissal of~~ approve any change in the internal auditor ~~provider and the appointment or dismissal any change in of the Head of Internal Audit~~ within the authority delegated to NICE.

4. The committee will recommend to the board approval of NICE's annual report and accounts.
5. The committee will formally report annually to the board on the outcome of its work on the effectiveness of NICE's governance and internal control arrangements.
6. In order to meet its duties and responsibilities the committee is authorised by the board to:
 - seek any information it requires from any employee
 - obtain outside legal or other independent professional advice
 - invite any non-NICE staff members with relevant experience and expertise to its meetings if it considers this necessary.

Standing Orders

General

7. These standing orders describe the procedural rules for managing the committee's work as agreed by the board. Nothing in these standing orders shall limit compliance with NICE's standing orders so far as they are applicable to this committee. Committee members shall comply with the committee's terms of reference, which set out the scope of the committee's work and its authority.

Membership

- ~~8.~~ The committee will comprise a minimum of three non-executive directors (NEDs) of NICE, one of whom will be appointed as chair of the committee by the Secretary of State for Health and Social Care, plus an external member to provide additional expertise if required depending on the background of the NED members. The composition of the committee will be given in NICE's annual report and accounts.

~~8.9.~~ In the absence of the committee chair, the remaining committee members present will agree which non-executive director member will chair the meeting.

- ~~9.10.~~ The chair of NICE shall not be a member of the committee.

Other attendees

~~10-11.~~ Only members of the committee have the right to attend committee meetings. However, the chief executive, finance director, internal and external auditors and the DHSC sponsor team lead, have standing invitations to attend the committee. Other directors and staff shall be invited at the discretion of the committee when matters relating to their area of responsibility are being discussed.

Quorum

~~11-12.~~ The quorum is set at ~~two~~ three members. No business shall be transacted unless the meeting is quorate.

Voting

~~12-13.~~ The decisions of the audit and risk assurance committee will normally be arrived at by a consensus of those members present. Before a decision to move to a vote is made, the chair will, in all cases, consider whether continuing the discussion at a subsequent meeting is likely to lead to a consensus.

~~13-14.~~ Voting, where required, will be by show of hands and decisions determined by a simple majority of those members present at a quorate meeting.

~~14-15.~~ The chair of the meeting will be included in the vote and in the event of a tie, the chair will have a second, casting vote.

Arrangements for meetings

~~15-16.~~ All members must make a declaration of any potential conflicts of interest that may require their withdrawal in advance of each meeting.

~~16-17.~~ The audit and risk assurance committee shall meet quarterly. There will be an additional meeting in June to review the annual report and accounts prior to approval by the board.

~~17-18.~~ The committee shall meet in private session with the internal and external auditors respectively, and together, as the chair requests, to consider matters of internal control or any other matter within its terms of reference.

~~18-19.~~ No other business shall be discussed at the meeting except at the discretion of the chair.

Minutes

~~19-20.~~ The minutes of audit and risk assurance committee meetings shall be formally recorded by the corporate governance and risk manager or other suitably qualified member of NICE staff and submitted to the next meeting for approval.

~~20-21.~~ The minutes of audit and risk assurance committee meetings shall be submitted to the board. The chair of the committee shall draw to the attention of the board any issues that require disclosure to the full board, or that require executive action.

~~21-22.~~ Minutes will be published on the NICE website, subject to the redaction of any confidential or otherwise exempt material.

Other matters

22-23. The corporate office will provide support to the meetings.

23-24. The internal and external auditors shall have direct access to the chair.

Interpretation or suspension of standing orders

24-25. During the course of a meeting, the chair of the audit and risk assurance committee shall be the final authority on the interpretation of the standing orders.

25-26. Except where this would contravene any statutory provision, any one or more of the committee's standing orders may be suspended at any meeting provided that a simple majority of those present and eligible to participate vote in favour of the suspension.

26-27. Any decision to suspend standing orders will be recorded in the minutes of the meeting and no formal business may be transacted while standing orders are suspended.

Review of terms of reference and standing orders

27-28. These terms of reference and standing orders will be reviewed annually. The next review date is April 20276.

Dated: ~~May 2025~~ May 2026