

Risk and Assurance Committee

Terms of Reference

April 2026



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

Purpose

The HIE Board (“Board”) and HIE Accountable Officer have established a Risk and Assurance Committee (“the Committee”) as a Committee of the Board to support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

The Committee will undertake the role of the Audit and Assurance Committee as described in the Scottish Government “Audit and Assurance Committee Handbook”.

The Committee provides scrutiny, challenge and assurance but does not take management decisions or replace the role of the Board.

Membership

The Committee will comprise:

- Four members appointed from the Board, one of which will serve as Chair
- Independent external members at the discretion of the Board

At least one member shall have recent and relevant financial experience. The Committee will have an appropriate balance of skills and experience in audit, risk, finance, governance, digital and cyber and public sector operations.

The substantive Board Chair and the Accountable Officer will not be members of the Committee.

The Committee Chair will be appointed by the Board Chair and will be a member of the Board. The Committee Chair should not be the substantive chair of the Board or any other Board Committee.

Appointment letters will be sent to all members, specifying roles and responsibilities and periods of appointment.

Attendees

Committee meetings will normally be attended by:

- Accountable Officer
- Director of Corporate Services
- Head of Audit and Assurance
- External Audit representatives
- Scottish Government representatives

Board members who are not members of the Committee will have a right of attendance.

The Committee may ask any other officials of HIE, or other bodies, to attend to assist with discussions on any matter. This could include, for example, HIE group company auditors, service delivery bodies etc.

The 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 any matter.

Rights

The Committee may:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience
- Procure specialist ad hoc advice at the expense of HIE, subject to budgets agreed by the HIE Board or Accountable Officer

Secretary

The Committee will be provided with a secretariat function by the Executive Office team.

Meetings

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

The following applies:

- A minimum of three members of the Committee will be present for the meeting to be deemed quorate. Any independent external member is eligible to be part of this quorum
- Where the Committee Chair is unable to attend the meeting, a Deputy Chair will be appointed, either in advance by the Chair, or following agreement by members of the Committee
- The Board or Accountable Officer may ask the Committee to convene additional meetings to discuss issues on which they want the Committee's advice
- Meetings can be held in a variety of formats to ensure members are able to fully engage in discussion of agenda items and to make decisions
- The Committee may hold private sessions with internal or external audit without management present

Responsibilities

The 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 HIE, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- Planned activity and results of internal and external audit
- The adequacy of management response to issues identified by audit activity, including external audit's management letter

- The effectiveness of the internal control environment. This includes oversight on matters which are the responsibility of other assurance committees including, but not restricted to, Health and Safety Committee and Information, Security and Systems Governance Group
- Assurances relating to the corporate governance requirements for HIE
- Proposals for tendering for either internal or external audit services or for purchase on non-audit services from contractors who provide audit services
- Anti-fraud policies, whistleblowing processes and arrangements for special investigations

In addition, the Committee will approve the annual report and accounts, as delegated by the Board, and ensure these are provided to the Scottish Ministers to be laid before the Scottish Parliament.

Reporting

The Committee will formally report to the Board and Accountable Officer after each meeting summarising key matters considered. This may be by providing the draft or final minutes where available or by a verbal update.

The 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.

Copies of the final minutes will be published on the HIE website.

Committee development

The Committee will periodically review its own effectiveness and report the results of the review to the Board and Accountable Officer.

Training and development sessions will be provided by HIE to support the effectiveness of the Committee.

Access

HIE's Director of Corporate Services, Head of Audit and Assurance and the representatives of External Audit will have free and confidential access to the Chair of the Committee.

Information requirements

For each meeting an agenda will normally be agreed in advance with the Chair and papers will be prepared accordingly. Papers will be issued to members and attendees usually one week in advance of the meeting.

The Committee will be provided with regular reports covering:

- Significant changes to HIE's corporate risk register
- Progress on assurance activity from the Head of Audit and Assurance summarising:
 - Work performed, and a comparison with work planned

- Key issues arising from internal audit work
- Any significant changes to the audit plan
- Any resourcing issues affecting the delivery of internal audit objectives
- Progress from the External Audit representative summarising work done and emerging findings
- Management response to, and follow up on implementation of, audit recommendations

As appropriate the Committee will also be provided with:

- Business update reports from the Accountable Officer
- Annual assurance plan
- Internal Audit specific:
 - Charter and/or Terms of Reference of Internal Audit
 - Internal audit strategy
 - The Head of Audit and Assurance's annual opinion and report
 - Quality assurance reports on the internal audit function
- HIE unaudited accounts
- Draft governance statement
- Report on any changes to accounting policies
- External audit's management letter
- Report on any proposals to tender for audit functions
- Report on co-operation between internal and external audit
- Report on Counter Fraud and Bribery arrangements and performance
- Reports from other sources as per the "integrated assurance framework" (appendix 1), such as:
 - Best Value self-assessment
 - Gateway reviews or similar
 - Procurement related assessment reviews
 - Updates from group companies and/or key significant investments
- Copies of all final internal audit reports
- Copies of relevant updated policies and guidance

Appendix 1 – HIE Integrated assurance approach

