

**AUDIT AND RISK  
COMMITTEE OF THE BOARD**

**TERMS OF REFERENCE**

1. CONSTITUTION

- 1.1 The Board has appointed the Committee which consists of no fewer than five Board Members, at least three of which should be non-executive Directors, and has the power to co-opt additional members according to individual expertise. This could include someone entirely independent of the Board with Finance and or Legal experience.
- 1.2 The Assistant Director Finance will be Secretary to the Committee.
- 1.3 The Board shall appoint the Chair and Deputy Chair of the Committee.
- 1.4 The Committee will meet at least four times a year.
- 1.5 The Committee is authorised by the Board to directly obtain legal or other professional advice which is relevant to its purpose, as it deems necessary. Procurement limits will be within budget limits agreed by the Board.
- 1.6 The Chair of the Board and the Chief Executive attends by invitation; Executive Directors attend as required.
- 1.7 Representatives from the Internal Auditors are members of the Committee, representatives from the External Auditors attend by invitation but at least once a year.
- 1.8 Members will usually be elected for a minimum period of three years, although this can be extended twice to a maximum period of nine years.
- 1.9 The quorum will be three non-executive members in attendance which will include co-opted members. If the Chair of the Board and Chief Executive attend they will not count towards the quorum.

2. TERMS OF REFERENCE

- 2.1 The Committee has been delegated responsibility by the Board to independently consider what controls, at Board level, are required to manage financial systems, monitor Safeguarding procedures, ensure

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adequate risk management and internal control, and maintain an appropriate relationship with the Company’s internal and external auditors. All reference to the Charity includes subsidiaries and Joint Ventures. The Terms of Reference will be published on the Charity’s website.

2.2 The Committee is, in particular, responsible for:

- Ensuring the effectiveness of the Charity’s Risk Assessment and Risk Management process.
- Ensuring the independence and effectiveness of the Charity’s Internal Control functions.
- Monitor and agree the Charity’s Health and Safety and Safeguarding policies, procedures and working practices at least annually.
- Ensuring the independence and effectiveness of the Charity’s Internal and External Auditors.
- Monitoring the relationship with the Internal Auditors, including their appointment and termination. The Internal Auditor shall have direct access to the Chair of the Committee at all times. The Committee will make recommendations to the Board on the auditor’s appointment and dismissal including a regular re-tendering process, at least every 5 years.
- Monitoring the relationship with the External Auditors, ensuring that there are no limitations on the scope of the statutory audit. The Committee will make recommendations to the Board on the auditor’s appointment, remuneration and dismissal including a regular re-tendering process, at least every 5 years.
- Monitoring any reports and recommendations received from the Internal and External auditors and other bodies.
- Evaluating the control environment, including the measures to prevent and detect fraud and considering any act of fraud, irregularity or failure in internal control; and agreeing the Annual Statement of Internal Control.
- The annual review and recommendation to the Board of the scheme of delegation.

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- Review the Risk Management Procedures and Processes, receiving regular updates on progress from the SLT, at least annually.
- The maintenance of proper accounting records and the safeguarding of assets.

2.3 To allow the Committee to complete its responsibility it will:

- Manage the appointment and effectiveness of the Charity’s External and Internal Auditors. To assist in this process the External Auditors will be invited to present their Annual Report to the Committee and the Internal Auditors will provide a regular Progress Report and an Annual report on the audits undertaken in the year prior to the agreement of the Annual Internal Audit Plan.
- Regularly review the system of Internal Control within the Charity, reporting annually through the Statutory Accounts.
- Receive regular reports from the Internal and External auditors, and other bodies as appropriate.
- Review the Risk register at every meeting, including new or emerging risks.
- Monitor progress on outstanding Audit Recommendations at every meeting.
- Receive from the Internal Auditor a copy of their own quality control procedures.

NOTE: External Auditors are appointed or re-appointed annually, internal auditors can be retained for longer periods.

### 3. REPORTING PROCEDURES

- 3.1 The Chair will be responsible for reviewing and reporting the business of the Committee to the Board; the minutes of Committee meetings will be approved by the Committee Chair.
- 3.2 The Committee will advise the Board of any issues considered by the Committee which it believes the Board should be aware of.

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- 3.3 The minutes of the Committee will be presented to the next Board for consideration and agreement, within the appropriate timescales.
- 3.4 The Committee will recommend to the Board the Statement of Internal Control for Board approval.
- 3.5 The Committee will provide an Annual Report of progress during the year to the full Board, following the report from the Internal Auditors (2.3 above).

4. ROLE OF THE CHAIR

- 4.1 The Chair is responsible for ensuring that the Committee discharges its responsibilities according to its terms of reference.
- 4.2 The Chair, or in their absence the Deputy Chair, is responsible for the smooth running of the Committee, including:
  - Agreeing the Agenda with the Committee Secretary.
  - Ensuring that meetings run on time and that adequate time is allowed for each item.
  - Encouraging contributions and questions from all members of the Committee.
  - Ensuring that the resolutions identified in the papers are tabled and dealt with.
  - Approving the minutes following the meeting.
  - Reporting to the Board all matters considered relevant including all resolutions and recommendations.
- 4.3 Where a vacancy arises on the Committee the Chair is responsible for working with the Committee Secretary to ensure that that vacancy is filled with a person who possesses the requisite competencies.
- 4.4 The Chair is responsible for ensuring the evaluation of the Committee’s performance, by Committee Members and reporting this to the Board, who will determine their view of its effectiveness at least once a year.

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- 4.5 The Chair shall have direct right of access to Auditors (Internal and External) and vice versa.
- 4.6 The Company Secretary will have direct right of access to the Chair.

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