



Terms of Reference

<b>Committee</b>	Audit and Risk Committee
<b>Effective Date:</b>	October 2017
<b>Date Last Reviewed:</b>	July 2017
<b>Scheduled Review Date:</b>	July 2019
<b>Supersedes:</b>	All previous Policies and/or Statements
<b>Author:</b>	CEO
<b>Approved by:</b>	Board, July 2017

## 1. Membership and meetings

- A minimum of 4 Board members and a maximum of 6.
- Quorum will be 3 members excluding co-optees.
- Appointments will be made by the Board to ensure that there is a cross-section of experience with strong financial and business awareness.
- The Chair will be selected by the Board giving due regard to appropriate experience and knowledge.
- The Chair of the Board cannot be a voting member of this Committee.
- The Chief Executive, the Director of Resources and Risk and other senior staff will attend as appropriate.
- The Committee shall meet 4 times per year, and the cycle of meetings will be approved by the Board, with due regard to internal and external audit operating cycles.
- Minutes of each meeting will be presented to the next meeting of the Board.

## 2. Role

The Audit and Risk Committee is accountable to the Board and its role covers:

- Financial reporting assurance
- External audit
- Internal control
- Internal audit
- Risk Management Framework

## 3. Terms of Reference

The responsibilities of the Audit and Risk Committee in relation to each aspect of its role are defined below:

### ***Financial reporting:***

- To review and, if appropriate, recommend to the Tuntum Board for approval the annual audited accounts, and with particular reference to:

- any changes in accounting policies and practice;
  - significant financial reporting judgements;
  - material adjustments resulting from the External Audit;
  - the going concern assumption;
  - compliance with accounting standards and best practice;
  - compliance with any regulatory or legal requirements.
- To provide assurance regarding the integrity of the financial reporting provided to the Board using the audit conducted by the external auditors as one medium.
  - To assist the Board in ensuring that all financial reports to external parties are balanced and fair, and conform with accounting standards.
  - To confirm to the Board that there are no outstanding areas of disagreement between management and the internal and external auditors.

***External Audit:***

- To monitor and review the independence, objectivity and effectiveness of the Association's external auditors and the standard of their work, taking into consideration relevant UK professional and regulatory requirements.
- To consider whether Tuntum is obtaining value for money from its external auditors.
- To recommend to the Board the reappointment or otherwise of the external auditors.
- To approve the remuneration and terms of engagement of the external auditors.
- To approve, monitor and review policy on the engagement of the external auditors to supply non-audit or internal audit services, taking into account relevant ethical guidance.
- To consider the external audit management letter prior to seeking Tuntum's Board approval for its submission to the regulator.
- To learn from the external auditor of any principal matters of concern including whether in their opinion sufficient attention is being given to the issues.

- To enable a meeting once a year with the external auditors, and with internal auditors without the Chief Executive or any other members of the Tuntum Executive Team being present.

***Internal Audit:***

- To ensure that the Association has appropriate internal audit arrangements,
- To approve the nature and scope of such arrangements and to monitor and review their effectiveness.
- To consider whether Tuntum is obtaining value for money from its internal auditors.
- To recommend to the Board the reappointment or otherwise of the internal auditors.
- To approve the remuneration and terms of engagement of the internal auditors.
- To review the planned programme of work of the internal auditors.
- To consider the issues and management responses presented within internal audit reports and monitor progress against actions.
- To ensure that management react appropriately to implement any recommendations arising from the reports.
- To learn from the internal auditors of any principal matters of concern including whether sufficient attention is being given to the issues.

***Internal Control:***

- To satisfy the Board that there is a sufficient and systematic review of the internal control arrangements within the Association, including an annual report to the Board.
- To ensure that any significant weaknesses identified are dealt with and reported to the Board.
- To monitor any instances of fraud.
- To commission special investigations into matters of particular concern relating to internal control.

***High Level Risk & Control Framework:***

- To review the work of the Risk Assessment Panel (RAP), receiving reports from the RAP, approving new risks as appropriate, satisfying the Board that risk management is part of the culture of the organisation.
- To recommend annually to the Board the approval of The Strategic Risk Map and Risk Strategy.
- To ensure that there is a rigorous process for the identification and classification of risks.
- To ensure that appropriate focus is given to the management of key risks.
- To recommend to the Board the high level responses to the risks that are of major concern.

***Authority:***

- To approve any policies, procedures and strategies as delegated by the Board.
- To require any information to be provided to it by any part of the Association which is reasonably necessary for the discharge of its responsibilities.
- To instruct the internal auditors in consultation with the Chief Executive or Director of Resources and Risk as appropriate to take forward any tasks or actions prescribed by the Committee towards the fulfillment of the Committee's Terms of Reference.
- To hold 'in camera' sessions with the internal and external auditors.