

# Audit and Risk Committee

## Terms of Reference

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### 1. Purpose

- 1.1 To advise the Board on matters relating to the external audit; risk management and internal controls assurance; the integrity of financial statements; the findings and recommendations of any investigations requested by them and to deal with any similar matters as the Board may direct.

### 2. General Regulation

- 2.1 The Committee will meet at least two times each year or more if required.
- 2.2 The committee's quorum shall be 3. In addition, a majority of those present must be Members of IWFM. Executive or staff (who can only be members of Extraordinary Committees) must be in a minority.
- 2.3 Any member not attending or not contributing for 3 consecutive meetings within a twenty-four-month period will be deemed to have resigned from the Committee, removal will be at the discretion of the Chair
- 2.4 Other General Regulations are as stated in Section 5 of the Board Regulations – Board Committees and Advisory Groups

### 3. Composition

- 3.1 The Committee will be up to a maximum of six members in accordance with the Bylaws and Articles and will be appointed by the Board, usually on the recommendations of the Chair of the Audit & Risk Committee.
- 3.2 The Committee membership shall consist of:
- The Chair [See 3.3]
  - A qualified accountant, who may or may not be a member of IWFM, but not be a member of the Board.
  - One, and only one, member of the Board
  - Two additional members of IWFM
  - An additional member who must be a member of IWFM, if the qualified account is not. If the qualified accountant is a member, then an additional lay member must be appointed.
- 3.3 The Chair of the Audit Committee will be appointed by the Board and will be either a member of the Institute or a qualified accountant or both. The Chair may also be a member of another Board Committee, Working, Task Group or Advisory Group (refer to Articles for Group definitions), except for any committee responsible for finance.

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- 3.4 Both the CEO (unless s/he has permission of the Chair to do otherwise) and the Director / Head of Finance (or equivalent appropriate Finance representative) will attend the Committee meetings. The Committee can require attendance by any officer or Board Member to assist in any matter under examination and may request any officer, Board Member or the Board to take any appropriate action considered necessary.
- 3.5 The Chair and Committee Members must demonstrate a degree of knowledge and understanding of Audit policies, processes and procedures.

## 4. Functions

- 4.1 To consider and recommend to the Board the appointment of the external auditors (and their remuneration) and to deal with any questions relating to their resignation or dismissal, to review their performance and to ensure that a competitive tendering process is undertaken at least every seven years.
- 4.2 To work with the external auditors when and where necessary to assist in their audit activities in the preparation of the Institute's Annual Accounts.
- 4.4 To hold one meeting or telecon per year with the external auditors without staff present, to ensure auditors are satisfied with the IWFM's processes and practices as seen.
- 4.5 The Audit Committee will receive the Annual Accounts and Management Letter from the External Auditors, review and make recommendations to the Board for its approval.
- 4.6 To advise the Board on the adequacy and effectiveness of the Institute's internal controls.
- 4.7 To review and report on the adequacy of the risk management policy, process, and plans and also the state of the risk register; including providing the board an independent commentary on risks to support the board in discharging their risk management responsibilities. This will include receiving both confirmation of compliance with the policy and a copy of the Business-Critical Risk Register at each meeting.
- 4.8 To review the systems and processes of integrated risk management and internal controls, across the whole of the organisation and ensure that they support the achievement of IWFM's objectives. In carrying out this work, the Committee will utilise the work of External Audit and other assurance functions but will not be limited to these functions. It may also seek reports and assurances from managers as appropriate, concentrating on the overarching systems for quality, risk management and internal control, together with indicators of their effectiveness.
- 4.10 To review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation. This will include reviewing the auditing; controls and risks of Joint Ventures or Joint Ventures not Entities \*[JANEs].

\* A joint arrangement [JANE] does not have to be a separate entity, unlike a joint venture which must be an entity

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- 4.11 To review the adequacy and security of the organisation's arrangements for its employees and contractors to raise concerns, in confidence, about quality of services, wrongdoing in financial reporting, or other matters. The committee shall also lead on the investigation of such matters including whistleblowing, complaints and disciplinaries. The Chair of this committee shall be appointed to act the Disciplinary Chair in such investigations; they will also approve the appropriate appointment of the Investigating Officer and in conjunction with the Company Secretary set the Terms of Reference for any investigation as per the Whistle blowing policy or Complaints and Disciplinary procedures as laid out in section 8.

## 5. Powers

The Committee is authorised by the Board to:

- 5.1 investigate any activity within its terms of reference
- 5.2 seek any information it requires from any other committee or employee. All committees and employees are directed to co-operate with any request made by the Committee
- 5.3 obtain, at the organisation's reasonable and proportionate (if necessary) expense, outside legal or other professional advice on any matter within its terms of reference.

In all other matters the role of the Audit & Risk Committee shall be advisory unless a specific delegation of power is made by the Board.

## 6. Reporting

- 6.1 The Committee is accountable to the Board and operates as a committee of it.
- 6.2 The Committee will report to the Board through update reports to each formal Board meeting; and provide an annual report (see 6.5). The annual report provides self-assessment on the adequacy and effectiveness of the committee in discharging its responsibilities along with any suggestions for improvements.
- 6.3 The minutes of Audit Committee meetings shall be submitted to the Board.
- 6.4 The Chair of the Committee shall draw to the attention of the Board, any issues that require disclosure to the full Board, or require executive action.
- 6.5 The Committee will report to the Board annually on the Annual Accounts and on the Institutes adequacy of risk management and management of internal controls.