

## **Audit & Risk Committee**

### **Terms of Reference**

#### **Purpose**

The role of the Chance to Shine Foundation (CTS) Audit & Risk Committee ('the Committee') is to monitor the integrity of CTS's financial statements, to oversee the external audit function, and to assist the CTS Board in respect of its oversight of: risk management and controls, safeguarding, health and safety, whistleblowing and investments.

#### **Constitution**

The Committee is a sub-committee of the CTS Board of Trustees. The Committee will comprise between three and six members, including at least three Trustees (including the nominated Welfare and Safety Lead Trustee). The Trustee Committee members will be appointed by the Chair of the Board of Trustees. Up to three independent (non-trustee) members of the Committee may be appointed by the Chair of the Committee. Independent members will act in a voluntary, advisory capacity and have no responsibility of decisions taken by the Committee or Board of Trustees.

The Chair of the Committee will be appointed by the Chair of the Board. The Chair should have recent and relevant financial experience and, in matters where a vote is taken, the Chair shall have a casting vote in the event of a tie.

Committee members will be invited to serve an initial three-year term with a maximum of two further three-year terms (up to nine years in total) and in line with their membership of the Board of Trustees if a Trustee Committee member. All Committee members should have any appropriate required training made available to them.

The Committee shall meet at least twice a year, and additionally when required, normally before Board meetings. A meeting will be considered to have a quorum and may proceed provided that not less than two of its appointed Trustee members are present for the duration of the meeting. All Trustees are entitled to attend meetings and/or receive meeting papers. A schedule will be maintained of standing agenda items to be covered across the meetings to be held in the year.

The Director of Finance & Resources shall normally be present at Committee meetings and the Chair of the Committee may invite other members of the Senior Management team and third parties as required.

A formal report will be presented to the Board of Trustees at each of its meetings detailing how the Committee has discharged its responsibilities. The minutes of the Committee's meetings shall be circulated to Board members.

The Director of Finance & Resources will act as secretary to the Committee and will co-ordinate all communications, activities and meeting arrangements. The meeting agendas and necessary papers will be forwarded to each Committee member at least one week before each meeting.

## **Principal responsibilities**

The responsibilities of the Committee will include but are not limited to:

### Financial reporting

- Oversee the financial reporting of CTS; in particular, the preparation of internal management accounts and the statutory Trustee Annual Report & Accounts, reviewing accounting policies and any significant financial reporting disclosures and judgements contained within them.
- Review and recommend the approval of the Trustee Annual Report & Accounts to the Board.
- Ensure that all financial returns and filings are made to the relevant authorities (HMRC, Companies House, Charity Commission, etc)
- Oversee CTS's relationship with its external auditor, including the appointment and re-appointment thereof, and discussion with the auditor on audit scope, planning and a review of audit findings.
- Annually approve and monitor the fees paid to auditors (for both audit and non-audit services) and to other professional advisers.
- Annually assess the performance and independence of the auditors taking into account regulatory requirements and the provision of non-audit services; obtain assurance that there are no relationships between the auditors and CTS that could adversely affect the auditors' independent judgement and objectivity.
- Meet regularly with the auditors as required; and annually in closed session to review the auditors remit and any issues arising from the audit. Consider the auditors' management letter, and ensure appropriate follow-up.
- Review the audit representation letters before consideration by the Board, giving particular attention to matters relating to non-standard issues.
- Recommend the Board's response to any audit letters, reports and investigations.
- Consider an invitation to tender for audit services every five years.

### Performance reporting

- Monitor the production and publication of non-financial measures of performance, including operational and non-financial KPIs.
- Review reports from the independent financial reviewers.
- Monitor value for money of programme investments.

### Risk management and controls

- Monitor the risk management processes, including the Risk Register, and review the execution and effectiveness of risk mitigation actions.
- Within the risk management process, monitor the effectiveness of internal controls. Ensure any significant weaknesses are identified and remedied.
- Review CTS's procedures for preventing bribery and detecting fraud; receive reports on actual and alleged bribery or fraudulent activity and where necessary make recommendations to strengthen the internal control framework.
- Consider and determine periodically the requirement, scope and undertaking of internal audit work or the establishment of any internal audit function.

- Input into the timing and scope of the financial reviews; consider the results of these reviews and ensure that significant weaknesses are identified and remedied.

#### Whistle-blowing

- Satisfy itself on the adequacy of CTS's Whistle-blowing policy and processes.
- Review the annual Safeguarding Report on behalf of the Board.
- Be the nominated group of persons to whom any individual may resort to under the guidance provided by the Whistle-blowing Policy.

(For the avoidance of doubt this does not include any role in the application of CTS's Grievance or Disciplinary Policies).

#### Safeguarding and Health and Safety

- Monitor the organisation's compliance with its safeguarding and health and safety policies and obligations.
- Review the annual Safeguarding Report on behalf of the Board
- Review the annual Health and Safety Report on behalf of the Board

#### Investments

- To advise the Board on an appropriate investment policy taking into account appropriate risks and agreeing a policy on any ethical consideration.
- To review the Investment Policy at least annually in the light of changing economic and business circumstances, and to recommend any changes to the Board.
- To appoint investment managers where appropriate to manage the funds of the Charity in accordance with the Investment Policy.
- To review the performance of any investment managers at least bi-annually and to report on that performance to the Board.
- To monitor cash deposits, ensuring an appropriate balance of liquidity, rate of return, diversification and risk.

#### **Authority**

In carrying out its responsibilities the Committee may:

- Investigate any activity within the above terms of reference,
- Seek information or take advice, at CTS's expense, from any relevant professional source that it considers appropriate.
- With respect to the above, the Chair of the Committee shall have access to an annual budget of £500 against which expenses may be approved by him/her in furtherance of the Committee's responsibilities.

### **Evaluation and Assessment**

Subject to the establishment by the Board regarding an evaluation process to be determined at Board, and subsequently, at Committee level, then:

- The Committee shall regularly review its own role, activities and effectiveness. Any significant changes the Committee determines that are needed regarding its terms of reference (as contained in this document), modes of operation, personnel or resources shall be notified to the Chair of the Board of Trustees.

Approved by the Governance and Remuneration Committee September 2023