# AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

September 2023

The audit and risk committee is a sub committee of the board of trustees of NCVO.

These terms of reference are subject to the approval of the board and will be reviewed by the committee once a year and by the board every three years.

## Responsibilities

* Oversight of external audit and auditors including agreeing scope and fees, and receiving auditors report and annual report and accounts. The committee will:
1. consider tenders for external audit services, endorse and recommend to the board which firm should carry out the annual audit of the statutory accounts
2. discuss with the external auditor, the nature and scope of the audit and review the auditor’s quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements
3. scrutinise and advise the board on the contents of the draft audit report and of any management letter the auditors may wish to present to the board
4. endorse and recommend to the board any representations that may be needed by the auditors in connection with the statutory accounts or any other financial statements
5. consider the appropriateness of executive action following audit reviews and advise the leadership team of any additional or alternative steps to be taken
6. review, and challenge where necessary, the actions and judgements of the leadership team, in relation to annual financial statements before endorsement and submission to the board, paying particular attention to:
	* 1. critical accounting policies and practices, and any changes to them
		2. decisions requiring a major element of judgement
		3. the extent to which the financial statements are affected by any unusual transactions in the year, and how they are disclosed
		4. the clarity of disclosure
7. significant adjustments resulting from the audit
8. the going concern assumption
9. compliance with accounting standards
10. compliance with other legal requirements.
11. reviewing internal control systems and review the policies and process for identifying and assessing business risks and the management of those risks.
* Oversight of approach to risk and monitoring of risk register.
* Regular deep dives into risk areas.
* Review schedule of delegation every two years, endorse and recommend to the board.
* Oversight of policy reviews.
* Approval of other policies or recommendation to the board:
1. anti-bribery (approval)
2. complaints (approval)
3. conflicts of interest (endorse and recommend to the board)
4. data protection (approval)
5. ethical (endorse and recommend to the board)
6. environmental
7. fundraising and corporate relationships
8. modern slavery statement
9. procurement.
10. fraud and tax avoidance (approval)
11. health and safety (endorse and recommend to the board)
12. IT (approval)
13. safeguarding (endorse and recommend to the board)
14. whistleblowing (endorse and recommend to the board).
* Oversight of all compliance areas including reviewing incidents and recommended actions:
1. complaints
2. data protection
3. health and safety
4. safeguarding
5. whistleblowing.
* Reviewing new members in exceptional circumstances – eg when this is contentious.
* Removing membership.

## Membership

The committee is made up of:

* an independent chair
* the honorary treasurer
* the senior independent trustee
* three independent committee members.

The committee requires four people to be quorate of whom two people must be independent members.

All members of the committee are appointed by the board following recommendations from the governance and nominations committee.

## Term

Trustee membership shall finish in line with their term on the board or before if the board elects to change the members of the committee.

Independent members are appointed for terms of up to three years by the board and can be reappointed once.

## Attendance

Committee meetings can also be attended by the chief executive, the chief operating officer and the senior governance and planning officer.

The external auditors shall be invited to any meetings which involve discussion of the annual audit. Staff will leave the meetings with the committee so the auditors have time with only the committee at least once per year.

The chair can also co-opt active observers for a set period of time following a discussion with the committee which identifies the skills required from the additional attendee.

The committee may have in camera sessions without any members of staff as required.

## Meetings

The committee is likely to meet four times a year unless the committee decides differently.

The committee will keep minutes of each business meeting including the names of members present at a meeting and all resolutions and proceedings of the committee

The minutes of meeting will be circulated to the board of trustees.

The committee will decide on the appropriate format (virtual or face to face) for meetings though generally a hybrid option will always be available.