

# Active Essex Audit Committee

Terms of Reference



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## **1. Membership**

- 1.1 The Audit Committee, will consist of two nominated Board members Director and the Strategic Lead Business Operations. Members of the committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the Chair of the Audit Committee.
- 1.2 All members of the committee shall be independent Board members, at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing. The Chair of the Board shall not be a member of the committee.
- 1.3 Only members of the committee have the right to attend committee meetings. However, if required a representative of the financial team with the Host Agency and the Internal Audit team, can be invited to attend meetings of the committee as and when required.
- 1.4 The Active Essex Board shall appoint the committee Chair. In the absence of the committee Chair and/or an appointed deputy at a committee meeting, the remaining members shall elect one of themselves to chair the meeting.

## **2. Secretary**

- 2.1 The Strategic Lead, Business Operations position shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

## **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members.

## **4. Frequency of meetings**

- 4.1 The committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the committee Chair and to a lesser extent the other committee members, will maintain a dialogue with key individuals involved in Active Essex's governance, including the Board Chair, the Partnership Director, Strategic Lead Business Operations, ECC financial team and audit partner.

## **5. Notice of meetings**

- 5.1 Meetings of the committee shall be convened by the secretary of the committee at the request of any of its members or at the request of the host agency finance team, external audit lead partner or head of internal audit if they consider it necessary.
- 5.2 Unless otherwise agreed by the committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.

- 5.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **6. Minutes of meetings**

- 6.1 The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be agreed with the committee chairman and then circulated promptly to all members of the committee, unless it would be inappropriate to do so in the opinion of the committee chairman.

## **7. Financial reporting**

- 7.1 The committee shall monitor the integrity of the financial statements of Active Essex, including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements, preliminary announcements and any other formal statements relating to its financial performance. It will also review and report to the Board on significant financial reporting issues and judgements, which those statements contain having regard to matters communicated to it by the auditor.
- 7.2 In particular, the committee shall review and challenge where necessary:
- The application of significant accounting policies and any changes to them
  - The methods used to account for significant or unusual transactions where different approaches are possible
  - All material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.
- 7.3 The committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practical and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules, or Disclosure Guidance and Transparency Rules sourcebook.
- 7.4 Where the committee is not satisfied with any aspect of the proposed financial reporting by Active Essex, it shall report its views to the Board.

## **8. Internal Controls and Risk Management Systems**

- 8.1 The committee shall:
- 8.1.1 keep under review Active Essex's financial control systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems, and
  - 8.1.2 review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement.

## **9. Compliance, Whistleblowing and fraud**

9.1 In accordance with the host agency's Scheme of Delegation for Financial Management, and other relevant ECC policies the committee shall:

9.1.1 review the adequacy and security of Active Essex's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

9.1.2 review Active Essex's procedures for detecting fraud.

## **10. Internal Audit**

10.1 The committee shall:

- In partnership with the internal audit function within ECC, review and approve the annual internal audit plan for Active Essex, to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out.
- Review the role and mandate of internal audit, monitor and review the effectiveness of its work.
- Ensure internal audit has access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and Active Essex staff.
- Ensure the internal auditor has direct access to the Board Chair and to the Committee Chair, providing independence from the Board and accountability to the committee.
- Monitor and assess the role and effectiveness of the internal audit function in the overall context of the Active Essex Risk Management Strategy and the work of compliance, finance and the external auditor, and
- Consider whether an independent, third party review of processes is appropriate.

## **11. Reporting responsibilities**

11.1 The committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board how it has discharged its responsibilities.

11.2 The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## **12. Authority**

12.1 The committee is authorised to:

- Seek any information it requires from any Active Essex employee in order to perform its duties
- Call any Active Essex employee to be questioned at a meeting of the committee as and when required
- Have the right to publish in the Active Essex annual report, details of any issues that cannot be resolved between the committee and the Board.