



AUDIT AND RISK ASSURANCE COMMITTEE

Statement of purpose

The GFSL Board (the Board) is responsible for effective arrangements for governance, risk management and internal control for GFSL. The Audit and Risk Assurance Committee (the Committee) is a committee of the Board and it supports the Board and Accounting Officer by ensuring that governance; risk management; internal controls and the integrity of financial statements in the organisation are comprehensive and fit for purpose.

1. Remit

The Audit and Risk Assurance Committee will advise the Board and Accounting Officer on:

- the GFSL strategic processes for risk, control and governance and the Governance Statement
- the accounting policies, the accounts, and the annual report of GFSL, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- the planned activity and results of both internal and external audit
- adequacy of management response to issues identified by audit activity, including external audit's management letter
- assurances relating to the management of risk and corporate governance requirements for the organisation
- anti-fraud policies, whistle-blowing processes and accounting policies, and arrangements for special investigations

2. Membership and quorum

The Committee:

- Maura Sullivan Non-Executive Director GFSL (Cttee Chair), Senior Independent Director
- Colin Allars Non-Executive, Board Chair GFSL
- James Hayward Non-Executive Director GFSL

Standing invited guests: -

- Chair of the Board (The Board Chair is currently a committee member due to NED vacancies as at June 23)



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- CEO
- Finance Director
- Risk and Governance Manager
- Head of Internal Audit
- Representative(s) from the NAO

Other guests, such as NEDS who are not committee members, or individuals who are required to provide information on a specific topic, will be invited by the Chair of the committee.

The quorum for a meeting shall be not less than three Committee members, two of which must be a Non-Executive Director. The Chair of the committee should be a Non-Executive Director with relevant experience. The Committee cannot appoint deputies. Deputies for additional members may be invited with prior agreement from the Chair.

Appointments to the Committee are made by the board and shall be reviewed on an annual basis.

The Chair of the Committee may convene meetings with members only, i.e. without inviting other committee members, to facilitate open and frank discussion of particular matters if they consider it necessary.

The Committee may co-opt additional standing invitees for a period not exceeding a year to provide specialist skills, knowledge and experience.

The Committee may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or the Accounting Officer.

3. Personal Accountability and Roles

All Committee members should uphold the seven principles of public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

The Committee should ensure that it operates within the parameters of these terms of reference, as well as any government policy relating to corporate governance and accountability.



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4. Chair of the Committee

The role of the Chair of the Committee (supported by the Board Secretariat) is to:

- Agree which business items the Committee should discuss;
- Ensure that a clear decision is taken when needed, and it is noted if members or additional attendees disagree with the decision;
- Ensure a high standard of discussion and decision making;
- Make a final decision where the views of the Committee are evenly split or where it is unable to make a decision on an issue;
- Ensure appropriate reports are prepared from the Audit and Risk Committee to the Board at regular intervals;
- Arrange bilateral meetings with the Accounting Officer, Head of Internal Audit and Chair of the Board when required; and
- Facilitate appropriate engagement between Committee members and the organisation to help align Committee activity with GFSL objectives, business needs and priorities.

5. Role of Independent Members

The role of an Independent Member is to:

- Contribute fully to discussions and decision making, bringing their expertise and knowledge from their area of the business;
- Provide good governance and effective decision making by contributing to and supporting decisions;
- Take a corporate view during the decision making process to ensure decisions are made in the best interest of the organisation;
- Provide scrutiny and challenge as part of the assurance process;
- Ensure that policy, risk and resource issues are prioritised appropriately, through the discussions of the Committee.

Additional Attendees:

Additional attendees may be invited to attend meetings by the Chair to provide the right information for the Committee to facilitate their decision making. Additional attendees do not have responsibility for decisions agreed at the meeting.

6. Conflicts of Interest



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Members of the Committee may be asked to absent themselves for discussions where there could be a real or perceived conflict of interest. This should be discussed with the Chair and Secretariat.

7. Reporting and escalation routes

The Committee will formally report to the Board after each meeting. This can be either a written or verbal report. The Committee will formally decide during the meeting what issues they recommend the Chair should escalate to the Board.

8. Committee decisions and escalation routes

All Committee members must take personal responsibility for presenting and acting upon the decisions which are made within the Committee.

Minutes of Committee meetings will record decisions taken, including where individual Committee members do not agree with the final decision. Where a Committee member is not present when a decision is taken with which they disagree, they must raise this with the Chair via the Secretariat as soon as possible. This must be done before the minutes are approved by the Chair. Decisions will be communicated to the relevant areas of the organisation.

9. Relationship with other governance bodies

Sub-Committees

- The Committee does not have any sub-committees, however ad-hoc committees may be set for short periods to oversee specific time-limited projects.

GFSL Board

- The Chair reports into the Board, highlighting key discussions and decisions at the Committee with a view to escalating issues or making recommendations for their attention.

Executive Committee

- The Committee may make recommendations which they believe would warrant further consideration by the Executive Committee.

10. Government Internal Audit Agency and NAO

- The Head of Internal Audit has access to the Chair of the Committee and will meet occasionally outside of Committee meetings.
- The Head of Internal Audit will report to the Chair of the Committee on significant concerns they have over the adequacy and effectiveness of internal controls and the management activities within the organisation.
- The NAO will engage proactively with the Committee regarding their approach for auditing,

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providing assurance about how they operate as the third line of defence and how they add value in their approach.

11. Committee Arrangements and Support

The Committee will meet four times a year or as often as required, compatible with the cycle of reporting and accounts.

More frequent meetings and/or alternative dates may be necessary during some parts of various reporting cycles. The Board or Accounting Officer may ask the Committee to convene further meetings and carry out further work on particular issues on which they require the Committee's advice.

The Secretariat for the meeting will make arrangements in consultation with the Chair for the production of the agenda and other supporting administrative arrangements. The minutes will be drafted and forwarded to the Chair within 5 business days of a committee meeting.

12. Terms of Reference

Terms of Reference will be reviewed annually, within each financial year, and subsequent to any major changes, by the Secretariat, with changes in consultation with the Chair put to the Board for approval. Reviews will take into account any changes made to HM Treasury's Code of Practice of Corporate Governance in Government Departments.

13. Review of policies

Whistleblowing, Fraud and accounting policies will be reviewed annually, within each financial year, and subsequent to any major changes, by the Secretariat, with any changes in consultation with the Chair of the committee put to the Board for approval.