Gov Facility Services Limited

CORPORATE BOARD TERMS OF REFERENCE
AUDIT & RISK ASSURANCE COMMITTEE
RAG/GUI/006 rev 1
Risk Assurance and Governance

1. Constitution

The Audit & Risk Assurance Committee is constituted as a Committee of the Board of Gov Facility Services Ltd (GFSL).

2. Membership

2.1. The committee shall comprise at least three members, all of which shall be independent non-executive directors. At least one member shall have recent and relevant financial experience and the committee as a whole shall have competence relevant to the sector in which the company operates. The chair of the board shall not be a member of the committee.

2.2. Appointments to the committee are made by the board on the recommendation of and in consultation with the chair of the Audit & Risk Assurance committee and shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members (other than the chair of the board, if they are a member of the committee) continue to be independent.

2.3. Only members of the committee have the right to attend committee meetings. However, the Chief Finance Officer, Chief Risk Officer, Chief Executive Officer, Head of Internal Audit and External Audit Lead Partner will be invited to attend meetings of the committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate.

2.4. The 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 present shall elect one of themselves to chair the meeting.

3. Secretary

The Company Secretary or their nominee 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 the issues.

4. Quorum

The quorum necessary for the transaction of business shall be three members.

5. Frequency Of Meetings

5.1. The committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

5.2. Outside of the formal meeting programme, the committee chair will maintain a dialogue with key individuals involved in the company's governance, including the board chair, the chief executive, the finance director, the external audit lead partner, and the head of internal audit.

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6. Notice of Meetings

6.1. Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair or any of its members, or at the request of the external audit lead partner or head of internal audit if they consider it necessary.

6.2. Unless otherwise agreed, 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 and any other person required to attend no later than five days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

7. Minutes Of Meetings

7.1. The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

7.2. Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, minutes should be circulated to all other members of the board and the company secretary unless, exceptionally, it would be inappropriate to do so.

8. Duties

8.1. Financial Reporting

8.1.1. The committee shall monitor the integrity of the financial statements of the company, including its annual report and any other formal statements relating to its financial performance, and 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.

8.1.2. In particular, the committee shall review and challenge where necessary:

8.1.2.1. The application of significant accounting policies and any changes to them.

8.1.2.2. The methods used to account for significant or unusual transactions where different approaches are possible.

8.1.2.3. Whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements.

8.1.2.4. The clarity and completeness of disclosures in the financial statements and the context in which statements are made.

8.1.2.5. 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.

8.1.3. 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 practicable and consistent with any prompt reporting requirements.

8.1.4. Where the committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the board.

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8.2. Narrative Reporting

Where requested by the board, the committee should review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the company's performance, business model and strategy, and whether it informs the board's statement in the annual report on these matters as required under the Code.

8.3. Internal Controls and Risk Management Systems
The Committee shall:

8.3.1. keep under review the company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems, including the design, implementation and effectiveness of those systems.
8.3.2. review and approve the statements to be included in the annual report concerning internal control, risk management, including the assessment of principal risks and emerging risks, and the viability statement.
8.3.3. advise the board on the company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the company is willing to take in order to achieve its long-term strategic objectives.
8.3.4. advise the board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.
8.3.5. advise the board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on implications for the risk appetite, tolerance and strategy of the company, and taking independent external advice where appropriate and available.

8.4. The Committee Shall Oversee and Seek Suitable Assurance Regarding:

8.4.1. the ability of the company's risk management and internal control systems to identify the risks facing the company and enable a robust assessment of principal risks.
8.4.2. the company's capability to identify and manage new and emerging risks.
8.4.3. the effectiveness and relative costs and benefit of particular controls.
8.4.4. the effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and
ensuring corrective action is taken when necessary
8.4.5. the company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise
8.4.6. the appropriateness of the company's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the company
8.4.7. the Chief Risk Officer's (CRO's) right of direct access to the chair of the board and to the committee.

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8.5. Compliance, Speaking-Up and Fraud

The Committee shall:

8.5.1. review the adequacy and security of the company's arrangements for its employees, contractors and external parties 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.

8.5.2. review the company's procedures for detecting fraud.

8.5.3. review the company's systems and controls for the prevention of bribery and receive reports on non-compliance.

8.5.4. Internal Audit

8.5.4.1. review and approve the mandate of internal audit, monitor and review the effectiveness of its work

8.5.4.2. review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out

8.5.4.3. ensure internal audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors

8.5.4.4. ensure the internal auditor has direct access to the board chair and to the committee chair, providing independence from the executive and accountability to the committee

8.5.4.5. carry out an annual assessment of the effectiveness of the internal audit function and as part of this assessment:

8.5.4.6. meet with the head of internal audit without the presence of management to discuss the effectiveness of the function

8.5.4.7. review and assess the annual internal audit work plan

8.5.4.8. receive a report on the results of the internal auditor's work

8.5.4.9. review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function.

8.5.5. External Audit

8.5.5.1. Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit.

8.5.5.2. Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.

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9. Reporting Responsibilities

9.1. The committee chair shall report to the board after each meeting on the nature and content of its discussion, recommendations, and action to be taken.
9.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for board discussion when necessary.
9.3. The committee shall provide a description of its work in the annual report in line with the requirements of the UK Corporate Governance Code, describing the work of the committee.

10.Other Matters

The committee shall:

10.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
10.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
10.3. Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of company, as appropriate.
10.4. Ensure that a periodic evaluation of the committee's own performance is carried out.
10.5. At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

11. Authority

The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

Request the attendance of any employee at a meeting of the committee and/or seek any information it requires from any employee of the company in order to perform its duties.

Delegate any matter or matters to another committee or person(s) as it deems appropriate.

Date of approval	Date of next review
November 2026	November 2027

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