

## **Audit Committee –Terms of Reference**

### **Composition of Audit Committee**

- The Board will nominate the members of Audit Committee and the Chair of the Committee
- The members of the Committee will be a minimum of 5 members of the main Board who are not
  - the Chair of the Board
  - a Vice Chair of the Board
  - a Chair of any sub-committee of the Board
- The Chair of the Committee must have significant and relevant financial experience
- A quorum of any meeting will be 3 members
- Members will be appointed for a minimum term of 2 years, or until they cease to be a member of the main Board, or become ineligible,.

### **Role of the Audit Committee**

- Monitor integrity of financial statements of the company, reviewing significant, financial reporting judgements
- Keep under review the company's internal financial control system and risk management system
- Monitor and review effectiveness of the company's internal audit function
- Make recommendations to the Board in relation to the appointment of the internal and external auditors and approve remuneration and terms of engagement of the internal and external auditors
- Monitor and review external auditor's independence, objectivity and effectiveness, taking into consideration relevant UK professional and regulatory requirements
- Develop and implement policy and engagement of external auditor to supply non-audit services, taking into account relevant ethical guidance regarding provision of non-audit services by external audit firm
- Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by internal and external auditors have been implemented by management

- Review the proposed internal and external audit plans for the coming year and ensure that they address key areas of risk
- The Chair to ensure that the Board is aware of any matters that may significantly impact upon the financial condition or affairs of the business.

### **Resources**

- The Committee will be provided with sufficient resources to undertake its duties.

### **Authority**

The Board authorises the Audit Committee, within the scope of its responsibilities to:

- Engage independent professional advice as it deems necessary to carry out its duties
- Have unrestricted access to management, employees and relevant information
- Establish procedures to deal with employees' concerns and external complaints regarding accounting, control and audit matters.

### **Reporting to the Council**

- The Chair's report to contain a separate section that describes the role of the Committee and what action it has taken
- The Chair of the Audit Committee to be present at the AGM to answer questions through the Chair of the Board
- The Chair of the Audit Committee to present an annual report on the Audit Committee's activities to the Board.

### **Frequency of meetings**

- The Committee will meet at least 3 times per year, and meetings will correspond with the company's financial reporting cycle
- Additional meetings will be convened as required at the request of the Chair of the Committee or at the request of the internal or external auditors
- The Committee will meet with the internal and external auditors and without company management in attendance at least once per year

- Only Committee members are entitled to attend meetings. The Committee may invite other such persons (e.g. senior managers, internal/external auditor) as it deems necessary
- The agenda and supporting documentation will be circulated to Committee members at a reasonable period (normally 1 week) in advance of each meeting
- Minutes of Committee meetings will be circulated to members of the main Board, members of the Committee, and the internal and external auditors
- The Chair (or another member of the Committee nominated by the Chair) will attend the Board meeting at which the company's financial statements are approved.

### **Evaluating Performance**

- Evaluate the performance of the Committee, both individually and collectively, on a regular basis
- Review the Audit Committee Terms of Reference at least every 3 years and discuss with the Board. Any proposed changes to be discussed with and ultimately approved by the Board.