

# **Audit committee**

## **Terms of reference**

### **Purpose**

- To oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information.
  
- To review the effectiveness of the charity's internal control, risk management and compliance systems; and the independent audit process - including recommending the appointment and assessing the performance of the external auditor and the provision of non-audit services.

### **Authority**

The audit committee is appointed by, and responsible to, the Board. The committee will produce a written report on its work and recommendations to the Board and flag up urgent issues to Trustees where appropriate. However, it is also required to retain a certain amount of independence. It must be free to decide what areas it will review without influence from staff or other Trustees and it must be prepared to take a robust stand.

### **Responsibilities**

#### **1. Financial reporting**

- a. Oversee the financial reporting process implemented by management. Challenge where necessary the accuracy of information provided to the Board.
  
- b. Monitor the integrity of the annual accounts to ensure they provide a true and fair view of the charity's affairs, meet legal requirements, comply with SORP and take account of best practice.
  
- c. Meet with management and external auditors to review the annual accounts, the key accounting policies and judgements about the treatment of unusual items and determine that they are complete, reflect appropriate accounting policies and contain adequate disclosure.
  
- d. Review relevant sections of the trustees' report before its publication and consider whether the information is adequate, consistent and easy to understand.
  
- e. The Chair of the Audit Committee signs all the subsidiary statutory accounts.

#### **2. Internal control, risk management and compliance**

- a. Keep under review the effectiveness of internal controls and risk management systems, including compliance with the legal and regulatory environment within which Cycling UK operates.

- b. Review and approve the statements to be included in the trustees' report concerning internal controls and risk management.

### **3. Internal audit**

- a. Consider annually the need for an internal audit function and report to the Board why such a function is or is not needed.

### **4. External audit**

- a. Consider and make recommendations to the Board, to be put to members for approval at the AGM, about the appointment, reappointment and removal of the external auditors. The committee should oversee the selection process for new auditors.
- b. Oversee the relationship with the external auditor including approval of their terms of engagement (including a policy on the supply of non-audit services) and remuneration; and assessing their effectiveness and compliance with relevant professional and regulatory requirements.
- c. Review and approve the annual audit plan.
- d. Review the findings of the audit and discuss any major issues which arise, any accounting and audit judgements and levels of error identified.
- e. Meet the external auditor at least once a year with/without management to discuss their remit and any issues arising from the audit and the management's response to the auditor's findings and recommendations.

### **5. Whistle-blowing**

- a. Review the arrangements for employees and volunteers to raise concerns in confidence, and ensure that the arrangements allow proportionate and independent investigation of possible wrongdoing and appropriate follow-up action.

## **Membership of the Audit Committee**

- The committee will consist of four people appointed by the Board - three Trustees and one person with recent, relevant financial experience who is not a Trustee or member of staff and is able to provide an expert and independent perspective. The quorum is three.
- Between them, the committee members should have the range of skills and experience required for the committee to function effectively.
- The Chair of the Audit Committee will be appointed by the Board from among the members of the Committee. The Chair should have recent, relevant financial experience.
- The Chair of the Board will not sit on the committee but can be called to attend.
- The committee may appoint professional advice when required.

- The usual term of office for members of the committee is three years. This may be extended at the discretion of the Board, up to a maximum of six years.
- The CEO and/or the Director of Organisational Effectiveness and Finance should attend all meetings. Other staff may also be asked to attend.

### **Meeting management**

- The Audit Committee will meet at least twice a year. Meetings can be called at any time should the Chair of the Board, the Chair of the Audit Committee or the CEO consider this necessary.
- The agenda and papers will be circulated at least five days before the meeting.

*Approved by the Board*

*4<sup>th</sup> June 2016*

*Amended – March 2019 and to be approved by the Board July 2019*