

**Ebbsfleet Development Corporation**

**Audit and Risk Assurance Committee**

**Terms of Reference**

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1. **Purpose**

The Audit and Risk Assurance Committee (the “Committee”) is a committee of the Corporation’s Board. The principal responsibility for internal controls and procedures as well as the annual preparation of the financial statements lies with management but, on behalf of the Board, the Committee has responsibility for reviewing and where necessary challenging:

* the adequacy of risk management
* reports on systems controls
* processes for information assurance
* the adequacy of and outcomes from internal audit
* the information presented in the Annual Financial Statements
* the Governance Statement
* the policies and procedures governing probity and risk

In discharging these duties, the Committee plays a key role in supporting and advising the Accounting Officer and the Board in relation to the Corporation’s strategic processes for control, risk and governance.

1. **Responsibilities**

The Committee will advise the Board and Accounting Officer on:

**Financial reporting**

* the clarity of disclosure in financial statements, and whether there is adequate evidence of the effective stewardship of resources in support of the Corporation’s objectives
* the appropriateness of accounting policies on a year by year basis and whether proper estimates and judgements have been made, taking into account the views of external audit. The Committee will review the assumptions drawn from actuarial advice on pension funds

**The accounting policies, the accounts and the annual report of the organisation, are including:**

* The process for review of the accounts prior to submission for audit;
* the Accounting Officer’s Governance Statement, leading the assessment of it for the Board
* Critical accounting policies and practices, and any changes in them;
* Management’s letter of representation to the external auditors;
* The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed; and
* The levels of error identified and significant adjustments resulting from the audit.

**Governance, internal controls and risk management systems**

* the adequacy and effectiveness of the processes for control, risk management and governance
* the management of effective risk and corporate governance requirements for the organisation
* the appropriateness of the Corporation’s Standing Financial Instructions and Procurement Policy, through an annual review
* assurances relating to the Corporation’s information security system and secure data handling requirements
* proposals for tendering for audit services
* the procedures for detecting fraud, obtaining assurances on compliance, and the systems and controls in place for the prevention of bribery
* the adequacy of the Corporation’s policies in force to allow confidential reporting (whistle blowing), and proportionate and independent investigation of fraud

**Internal audit**

* effectiveness of the internal audit function in the context of the overall risk management system

* appointment and removal of the internal auditor, noting that the Government Internal Audit Service is the current incumbent
* review and assess the internal audit plan
* receive reports from internal audit and consider the adequacy of management’s responses to recommendations
* any matter arising through its meetings with the internal audit partner when the executive is not present

**External audit**

* any matter arising from the planning stage before the annual audit and after the audit at the reporting stage, should these precede comments expressed on the draft Audit Completion Report
* the findings of the annual audit, discussing any major issues arising; noting comments and adjustments highlighted in the draft Audit Completion Report, management’s responses and comments on the overall effectiveness of the audit
* any matter arising through its meetings with the audit partner and/or client director when the executive is not present.

1. **Membership**

The Committee shall be appointed by the Corporation’s Board from among its members and shall consist of normally three members.

The Chairman of the Committee shall be appointed by the Board from its members. In the absence of the Committee Chairman, the members present will elect one of themselves to chair the meeting.

The Corporation’s Board Chairman will not be eligible to be a Committee member.

Appointment to the Committee shall be for a period up to three years, which may be extended for further periods of up to three years, provided the member still meets the criteria for membership of the Committee.

An independent member appointed by the Corporation Board may serve for a similar period as a member of the Committee.

Where possible, at least one member of the Committee should have a financial or audit background.

1. **Attendance at Meetings**

The quorum of the Committee shall be at least two members.

Meetings will normally be attended by the Accounting Officer, the Director of Finance, the internal audit partner and representatives from external audit.

The Committee may ask any member of the organisation’s staff to attend to assist it with its discussions.

An open invitation will be extended to a member of the MHCLG sponsor teams.

1. **Frequency of meetings**

Meetings shall be held at least four times a year, at appropriate points in the reporting and audit cycle and otherwise as deemed necessary by the Chairman.

The Accounting Officer or Board may ask the Committee to convene further meetings to discuss particular issues on which they require the Committee’s advice.

1. **Notice of meetings**

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda and supporting papers shall be forwarded to each Committee member, and any other person required to attend the full meeting, no later than five working days before the meeting.

1. **Minutes of meetings**

The secretary shall minute the proceedings and decisions taken. Draft minutes of each Committee meeting shall be approved by the Committee Chairman prior to circulation.

Minutes will normally be considered by the Accounting Officer and Corporation Board following the Committee meeting.

1. **Reporting**

The Chairman shall give oral reports of any urgent or significant matters arising to the next Board meeting, irrespective of whether the Board has received minutes of the Committee’s meeting.

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

The Chairman shall present a written annual report on the Committee’s activities to the Accounting Officer and Corporation Board, to support the Annual Accounts and the Governance Statement in the Annual Report.

1. **Other matters**

The Committee may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience and may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

Internal and external audit partners will have direct access to the Chairman of the Board and to the Committee.

The Committee members will meet at least annually with internal and external audit in a private session.

1. **Information Requirements**

For each meeting, the Committee shall be provided with:

* a progress report from external audit summarising work done and any matters arising from findings of audit(s)
* a progress report from internal audit summarising:

1. work performed against work planned
2. key issues from audit work and in particular management responses to internal audit reports
3. changes to the annual plan of work
4. any resourcing issues affecting the delivery of internal audit objectives

* a report on the Corporation’s actions in response to internal audit report recommendations
* Tender Waiver report

Half yearly, Committee shall be provided with:

* the Corporation’s Strategic Risk Register, unless a new risk or substantial risk change occurs where it can be brought forward at an earlier meeting

From time to time, and when appropriate, the Committee can require and receive insight into any of the activities which are within the terms of reference, including:

* proposals for revision of the terms of reference of Internal Audit
* the Internal Audit strategy
* Internal Audit’s Annual Assurance Statement
* the draft statutory accounts for the Corporation
* the Accounting Officer’s draft Governance Statement
* a report on any changes to accounting policies, or issues that may affect financial reporting
* reviews of Corporation’s governance documents and the risk management framework
* a report on co-ordination of the internal and external auditors
* a ‘deep-dive’ or ‘specialist’ risk register presented by the relevant manager
* arrangements for periodic reviews of its own performance and effectiveness, and at least annually, review the terms of reference, reporting the results and any recommended changes to the Corporation’s Board
* appropriate training on an on-going basis for all members
* the Business Continuity Plan
* Accounting and budgeting treatment implications