

Audit and Compliance Sub-committee Terms of Reference

Extracted from CP4 Code of Governance including Terms of Reference

Publication note: This standalone document reproduces the relevant content from CP4 for easier public access. CP4 remains the authoritative master governance document.

Constitution

Role	External audit; internal audit; internal control; and risk.
Membership	A minimum of three Non-Executive Board members appointed annually by the Board, including the Chair of the Sub-committee. The Chair of the Board and Executive Co-opted members are not voting members. All Board members may attend without voting rights.
Accountability	Accountable to the Board. The Chair reports verbally to the Board where meetings take place on the same date, and approved written minutes are received by the next Board meeting. The Sub-committee reviews its responsibilities and effectiveness annually.
Quorum	Two members.
Frequency	Quarterly, four times each year.
Disputes	The Board's decision overrides that of the Sub-committee. The Chair of the Sub-committee may report the matter to external auditors and, where necessary, external regulatory bodies after discussion at the Board.

Overall remit

- Oversee and report to the Board on external audit, accounting and internal control systems, internal audit functions and risk.

External and internal audit

- Review external-auditor findings, issues raised and management responses.
- Review internal-control work commissioned by the Sub-committee, including work undertaken by internal audit, consultants, peers or sector specialists.
- Review the independence, objectivity, effectiveness and performance of external and internal audit.
- Review the letter of representation and recommend it to the Board for signing.

- Review the management letter and management response.
- Approve the strategic and annual internal-audit plan and changes to it.
- Review whether the Association receives the required performance and value for money from its external auditor.
- Recommend the appointment, fee and terms of engagement of the external auditor to the Board.

Internal control and assurance

- Provide assurance that internal-control arrangements are reviewed sufficiently and systematically.
- Provide assurance that policies are clear and well communicated in relation to fraud, anti-bribery, whistleblowing, safeguarding, confidential reporting, and equality and diversity.
- Provide assurance that serious-detriment health and safety responsibilities, damp and mould prevention, cyber security and complaints are managed and appropriately controlled.
- Provide assurance that complaints are managed in accordance with the Complaints Policy and referred appropriately where policy or systemic service-delivery concerns arise.
- Ensure significant weaknesses are addressed promptly and reported to the Board.
- Ensure fraudulent or illegal acts and control deficiencies are investigated and followed up.
- Receive reports on the register of detected frauds and an annual report on gifts and hospitality.
- Review the adequacy and security of whistleblowing arrangements. The Chair acts as the Board's Whistleblowing Officer.

Corporate risk

- Review the risk-management process and recommend changes where required.
- Monitor risk-management activity and ensure appropriate action is taken to address significant risks.
- Monitor material changes to the strategic risk register, reviewing all high and medium risks at each meeting and all risk-register entries annually.
- Commission special investigations concerning risk management or internal control.

Other responsibilities

- Review the Sub-committee's own performance annually.
- Approve corporate documents in accordance with the published schedule.
- Review Board members' annual declarations of interest and identify matters requiring further consideration by the Board.
- Report annually that the Sub-committee has performed in accordance with its Terms of Reference.