

AUDIT & RISK COMMITTEE: TERMS OF REFERENCE

Owner: CF Secretariat
Status: Draft revision of original ToRs as agreed by A&RC on 1 June 2010 and subject to approval by Consumer Focus Board

1 Overview

- 1.1 The Board of Consumer Focus has established an Audit & Risk Committee as a committee of the Board. The Committee has delegated responsibility for audit and risk matters at Consumer Focus on behalf of the Board. These terms of reference are modelled on the Cabinet Office *Guidance on Codes of Practice for Board Members of Public Bodies – Audit Committees*. They were approved by the Consumer Focus Board on xxx and will be reviewed from time to time as required.

2 Membership and attendance

- 2.1 The Committee comprises four non-executive Consumer Focus Board members appointed by the Consumer Focus Board, one of whom serves as the Committee Chair. The Committee may co-opt additional members to provide specialist skills, knowledge and experience.
- 2.2 Attendees normally invited to attend by the Committee are internal and external auditors; an observer from BIS as sponsoring department; the Consumer Focus Accounting Officer (Chief Executive), Director of Finance and Operations and Head of Finance. Attendees do not have voting rights. The Committee may ask any individual/s from Consumer Focus to attend for discussions on any particular matter. Names of current Committee members and attendees appear as Annex A.
- 2.3 The Head of Internal Audit and the Head of External Audit have free and confidential access to the Committee Chair.
- 2.4 The Committee will be provided with a secretariat function by Consumer Focus.

3 Meetings

- 3.1 The Committee will meet at least three times a year. The Committee Chair may convene additional meetings, as necessary. The Board or the Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- 3.2 A minimum of 2 members of the Audit & Risk Committee will be present for the meeting to be deemed quorate. If the Committee Chair is not able to be present, another member of the Committee will take the chair for the meeting. Participation may be in-person or by telephone/video conference. In certain circumstances, pre-agreed by the Committee and with the approval of the Board if needed, it may be appropriate for elements to be dealt with by e-mail.
- 3.3 The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

4 Authority

- 4.1 The Audit & Risk Committee is an advisory body with no executive powers but is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from staff, who are requested to co-operate with the Committee.

Requests for work, and reports received, from internal audit will be channelled through the Director of Finance and Operations, to whom the internal auditors report. The Committee is authorised to obtain independent professional advice if it considers this necessary, subject to budgets agreed by the Board

5 Reporting

5.1 The Committee reports formally in writing to the Board and Accounting Officer after each meeting in the form of minutes.

5.2 The Committee will provide the Board and Accounting Officer with a report, timed to support finalisation of the accounts and the statement of internal control, summarising its conclusion from the work has it done during the year.

6 Responsibilities (6.1 is taken from the original ToRs and 6.2 is from the Cabinet Office model ToRs)

6.1 The Committee will advise the Board and the Accounting Officer on:

- the strategic processes for risk, control and governance and the statement of internal control;
- significant risks facing the organisation, to include risks and controls around fee earned income;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the nature and scope of planned internal and external audit activity in advance;
- the results of both internal and external audit;
- adequacy of management response to issues identified by audit activity;
- assurances relating to the corporate governance requirements for the organisation;
- a review of the adequacy and effectiveness of internal and external audit arrangements;
- (where appropriate) proposals for tendering for either internal or external audit services or for the purchase of non-audit services from internal or external auditors respectively; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;

6.2 The specific duties of the Committee are:

- a. to review the Consumer Focus internal and external financial statements and reports to ensure that they reflect best practice;
- b. to discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff;
- c. to consider all relevant reports by the Comptroller and Auditor General, including reports on the Consumer Focus accounts, achievement of value of money and the response to any management letters;
- d. to review the effectiveness of Consumer Focus's internal control system established to ensure that the aims, objectives and key performance targets are achieved in the

most economic and effective manner;

- e. to ensure that Consumer Focus's internal audit service meets, or exceeds, the standards specified in the Government Internal Audit Manual, complies in all other respects with these guidelines and meets agreed levels of service;
- f. to consider and advise the Board on the Consumer Focus annual and long-term audit programme;
- g. to consider internal audit reports, including value-for-money reports and the arrangements for their implementation;
- h. to review the operation of the Consumer Focus code of practice for Board members and code of conduct for staff, and to review how the Boards work together and the Consumer Focus governance arrangements.

6.3 The Audit & Risk Committee will periodically review its own effectiveness and report the results of that review to the Board.

7 Information requirements

For each meeting the Audit & Risk Committee will be provided with:

- the current strategic risk register; and
- a progress report on internal audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from internal audit work;
 - management response to audit recommendations;
 - changes to the Forward Work Plan; and
 - any resourcing issues affecting the delivery of the internal audit objectives.
- a progress report from the NAO summarising work done and emerging findings.

As and when appropriate the Audit & Risk Committee will also be provided with:

- proposals for the terms of reference for the internal audit;
- the internal audit strategy;
- the internal audit annual opinion and report;
- quality assurance reports on the internal audit function;
- the draft accounts of the organisation;
- the draft statement of internal control;
- a report on any changes to accounting policies;
- external audit's management letter;
- a report on any proposals to tender for audit functions; and
- a report on co-operation between internal and external audit.

as at June 2010

COMMITTEE MEMBERS

- Christine Farnish (Committee Chair)
- Sukhvinder Kaur Stubbs
- Sharon Darcy
- Dame Suzi Leather

ATTENDEES

- Internal audit – Tribal
- External audit – NAO
- Sponsoring department – BIS
- Accounting Officer and Chief Executive – Mike O'Connor *
- Director of Finance and Operations – Graham Clark
- Head of Finance – Stephen Jones

* The Accounting Officer has full speaking but not voting rights