



## Terms of Reference for the Audit and Risk Committee

### 1. Purpose

- 1.1 The purpose of the Audit and Risk Committee is to assist the Board in the fulfilment of its corporate governance duties in relation to risk management, internal control and financial reporting.

### 2. Duties

- 2.1 The duties of the Audit and Risk Committee are to:

- review IRM's risk assessment process to ensure effectiveness and consistency;
- examine and review all systems and methods of internal and financial control;
- review reports on any material breakdown of controls and the adequacy of proposed action;
- ensure that IRM is compliant with all aspects of the law, relevant regulations and good practice;
- oversee and evaluate the performance of the external auditors and advise the Board on any changes that ought to be made in their terms of engagement;
- manage the process for the tendering of the external audit and recommend to the Board the appointment and re-appointment of the external auditors and the level of their fees;
- review and approve the annual audit plan and ensure consistency with the scope of the audit engagement;
- review the findings of the audit with the external auditors including the management letter;
- review the adequacy of management's response to issues identified by audit activity and monitor agreed action;
- develop and implement a policy on the supply of non-audit services by the external auditor;
- monitor the integrity of the Directors Report ,the annual financial statements and the business/operating review before recommending them to the Board;
- review and challenge, as appropriate, IRM's accounting policies, the methods used to account for significant or unusual transactions and the clarity of disclosure in the annual financial statements;
- review and approve the statements to be included in the annual report and accounts relating to governance, internal control, and risk management;
- review IRM's policy and procedures for the prevention and detection of fraud;
- review IRM's insurance arrangements, including directors' and officers' liability insurance, to ensure that appropriate cover is in place;
- review IRM's complaints register and ensure that an effective procedure is implemented for all stakeholders;
- undertake authorised investigations on behalf of the Board and advise on the findings and recommendations.

### **3. Membership**

3.1 Membership of the committee shall be as follows:

1 current Board member who shall serve as Chairman

2 further current Board members

Up to 4 voting members drawn from the IRM membership at large

3.2 At least one member of the committee shall have recent and relevant financial experience.

3.3 The Company Secretary or delegee shall act as secretary to the committee.

3.4 The Chief Executive, the Head of Finance, the external auditors, and other staff members as appropriate, should be invited to attend meetings.

3.5 The Chairman of the Board and the Chairman of the Nominations Committee should not be members of the Audit and Risk Committee.

3.6 Appointments to the committee shall be made by the Board and shall be for a period of 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.

### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be three members one of whom must be a current Board member.

### **5. Frequency of meetings**

5.1 The committee shall meet at least four times a year and otherwise as required.

### **6. Notice of meetings**

6.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.

6.2 Unless otherwise agreed, notice of each meeting confirming venue, time and date, together with an agenda of items to be discussed shall be forwarded to each member of the committee and to any other person required to attend no later than 5 working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

### **7. Minutes of meetings**

7.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

7.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all members of the Board unless it would be inappropriate to do so.

## **8. Delegated Authority**

8.1 The Audit and Risk Committee is a sub-committee of the Board and shall have delegated authority to:

- approve the external audit terms of engagement and the scope of their annual plan;
- implement the external audit tender and selection process;
- seek any necessary external professional advice at IRM's expense.

## **9. Reporting**

9.1 The chairman of the committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

## **10. Other Matters**

10.1 The committee shall arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure that it is operating effectively and recommend to the Board any changes it considers necessary.