



1. Purpose

The purpose of the Audit and Risk Committee is to advise the Board on internal and external risks, inform Board discussions and decision-making to ensure survival with long-term sustainable benefit and assist the Board in the fulfilment of its corporate governance duties in relation to internal control and financial reporting.

2. Duties

The duties of the Audit and Risk Committee are:

2.1. Risk Oversight

- Advise and oversee implementation by management of a risk management framework which enables risk to be assessed and managed, inclusive of a risk policy, risk appetite statements, risk and control register, and reporting on key indicators, mitigation plans, issues and incidents
- Advise the Board on the continued appropriateness of the board-set risk strategy and risk appetite in light of the organisation's stated purpose, values, risk culture, and strategic objectives
- Provide consolidated oversight and challenge of management's treatment and reporting of the principal and emerging risks, including those risks within the remit of other board committees
- Review risk assessment process and monitor action taken by management in response to internal and external risks
- Support the Board in carrying out periodic assessments of the organisation's principal risks and how these may affect achievement of strategic objectives and viability of the business model

2.2. Internal Control

- Advise and oversee policies and procedures for compliance with all aspects of the law, relevant regulations and good practice; review and recommend Board approval of policies where required
- Review procedures for and receive reports on detection of fraud, prevention of bribery and corruption, management of complaints and whistleblowing, and health and safety
- Review reports on any material violations of policy, breakdown of controls, material issues or incidents and near-misses in BAU or change initiatives, write-offs in excess of £10,000 and the adequacy of proposed action in response to these matters
- Notify the Board promptly of actual or likely material breaches of risk appetite and comment on the adequacy of management's response, including recommending further actions where appropriate

2.3. Financial Statements

- Keep accounting policies and practices, methods used to account for significant or unusual transactions, and the clarity of disclosure in the annual financial statements under review and ensure significant changes to practices are approved by the Board
- Implement the external audit tender and selection process; 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
- Approve and oversee implementation of the Annual Audit Plan, to include approving the scope and terms of engagement, reviewing the findings and management letter with the external auditors, assessing the adequacy of management's response, and monitoring delivery of agreed actions
- Review the effectiveness and independence of the external auditors and advise the Board on any changes that ought to be made in their terms of engagement including removal as required
- Monitor the integrity of statements in the Annual Report relating to governance, internal control, and risk management; review and recommend the Directors Report, financial statements, and the operating review for approval by the Board



2.4. Other Matters

- Consider and recommend approval of the overall level of insurance including director and officers' liability insurance
- Undertake authorised investigations on behalf of the Board and advise on the findings and recommendations
- Approve policy on the supply of non-audit services by the external auditor considering the impact on independence; review and recommend to the Board approval for specific engagements
- Review its terms of reference at least annually, arrange for periodic reviews of its performance, and recommend to the Board any changes necessary to ensure that it is operating effectively

3. Membership

3.1. Membership of the committee shall be as follows:

- 1 current non-executive Board Director who shall serve as Chair
- 2 further current Board Directors including the CEO
- Up to 4 additional people with no less than 50% having an IRM qualification or experience as the Board may from time to time deem equivalent for IRM membership

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

3.3. The Company Secretary, or someone nominated, shall act as secretary to the committee.

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

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

3.6. Appointments to the committee shall be proposed by the Chair, approved 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 non-executive Board Director. Members may attend in person or by video or teleconference.

4.2. In the absence of the Committee Chair, the non-executive Board Director required for quorum shall chair the meeting.

4.3. At a meeting of the committee, a simple majority of the members present and entitled to vote shall be sufficient to pass any resolution. If there is no majority, the Chair shall have the casting vote.

4.4. If a decision is required between meetings and setting a quorate meeting is not feasible, materials will be distributed digitally and a simple majority of all members by written response shall be sufficient to pass any resolution. If there is no majority, the Chair shall have the casting vote.

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 Chair.
- 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:
 - implement the external audit tender and selection process;
 - approve the external audit terms of engagement and the scope of the annual plan;
 - approve the policy on the supply of non-audit services by the external auditor; and
 - seek any necessary external professional advice at IRM's expense.

9. Reporting

- 9.1. The Chair 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 provide an annual report to the Board on its activities and future objectives.
- 9.3. The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.