

# TERMS OF REFERENCE

## AUDIT AND RISK

## ASSESSMENT COMMITTEE

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### Record of Amendments

Date	Version	Reason	Page Number
May 2021	1	First Issue produced together with Norwich Diocese governance review 2020.	All

## **Audit and Risk Assurance Committee**

### **Terms of Reference**

#### **1. Place of Audit and Risk Assurance Committee within the Diocesan Organisation**

The Audit and Risk Assurance Committee reports to the Bishop's Council of Trustees. There are no other subgroups reporting in to this committee.

#### **2. Role**

The role of the Audit and Risk Assurance Committee is to review the work, policies and procedures of the Norwich Diocesan Board of Finance ("the NDBF") to ensure integrity in all its activities, and compliance with legal, financial and reporting requirements, and to have oversight of risk management processes.

#### **3. Duties**

The duties of the Audit and Risk Assurance Committee are to:

- a. Regularly review the implementation of risk management plans, ensure that the NDBF's risk management processes are robust and are being implemented and engage with the Bishop's Council of Trustees about emerging risks to the Diocese of Norwich in relation to:
  - Governance and management
  - Financial Risk
  - Operational and Strategic Risk
  - Environmental and External factors
  - Compliance (legal and regulatory)
  - Serious Incident Reporting
- b. Review and monitor the robustness of internal controls and internal audit systems including the statements to be included in the NDBF's annual report concerning internal controls and risk management;
- c. Oversee and advise regarding the processes of the Finance Committee in preparing the annual reports and accounts;
- d. Meet with the NDBF's external auditors to plan each year's audit and to consider the auditors' draft report;
- e. Review the performance of the NDBF's external auditors each year and consider the appointment, audit fee, and any questions of rotation, resignation or dismissal. Undertake a tender process for auditors every 5 years;
- f. Review the effectiveness of the NDBF's procedures for detecting fraud and for enabling whistle-blowing;

- g. Commission any specific audits or reviews identified by the Bishop's Council of Trustees or the Diocesan Bishop as necessary to improve the effectiveness of work in the Diocese;
- h. Ensure that the Risk Register is updated when appropriate and maintained.

#### **4. Composition**

The Audit and Risk Assurance Committee shall consist of five members:

A Chair appointed by the Bishop's Council of Trustees on the advice of the Nominations Committee and with the agreement of the Bishop of Norwich.

Two members of the Bishop's Council of Trustees, nominated by the Bishop's Council of Trustees.

Two other members, appointed by the Bishop's Council of Trustees on the recommendation of the Nominations Committee, with the appropriate skills for assessing financial and other risk, and compliance.

One member of the committee must be a qualified accountant.

In attendance: the Diocesan Secretary and the Director of Finance, who shall provide the secretariat.

The Committee shall be entitled to invite any member of the NDBF to attend a meeting.

#### **5. Tenure**

All members of the Audit and Risk Assurance Committee shall be appointed for a three year term and may serve up to two further terms. No member shall serve more than nine consecutive years on the Audit and Risk Assurance Committee.

If a member nominated by the Bishop's Council of Trustees ceases to be a member of the Bishop's Council of Trustees, they shall cease to be a member of the Audit and Risk Assurance Committee.

## **6. Meetings**

A minimum of two per year but at other times as needed.

Meetings may be physical or virtual, and business may be conducted by email or other means between meetings in accordance with diocesan policies.

The Audit and Risk Assurance Committee shall be quorate if over half of the committee members are present including the Chair of the Audit and Risk Assurance Committee or a nominated deputy.

Minutes of the Committee's discussions and decisions together with an updated copy of the risk register shall be maintained, the Diocesan Secretary providing the Secretariat.

## **7. Report**

The Audit and Risk Assurance Committee shall prepare an annual report to the Bishop's Council of Trustees acting in its capacity as the NDBF executive.

The annual report shall include the following:

- Report on the audit process and confirm that the audit report can be signed;
- Report on reviews of the risk register, advising the NDBF executive about the strategic and most significant operational risks;
- Report on internal audit work, whistle blowing and compliance matters affecting the work of the NDBF;
- Report on reviews of specific areas of the NDBF's work and effectiveness;
- Recommendations for improvements in the working practices of the NDBF to ensure compliance and to mitigate risks identified;
- Report on the functioning of the Audit and Risk Assurance Committee and make recommendations for any improvements to its composition or procedures.

## **8. Professional Standards**

The members of the Audit and Risk Committee should at all times act in accordance with relevant professional and legal standards including those for data security, safeguarding, and respectful treatment of all colleagues and those they interact with. Up to date guidance on the relevant policies may be found in the Diocese of Norwich Handbook for Committee Members.