

GROUP AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Board of UK Sport (UKS) has established a Group Audit and Risk Committee to support them and the Board of the UK Sports Institute (UKSI) in their respective responsibilities for issues of risk, financial control and governance. The Group Audit and Risk Committee will review and provide advice to the Board, and if appropriate the Accounting Officers of both UKS and UKSI, on the comprehensiveness, reliability and integrity of assurances provided. The Group Audit and Risk Committee will also oversee the assurances provided from other Special Purpose Vehicles within the UKS Group if applicable.

Membership

The Chair of the Group Audit and Risk Committee shall be appointed by the UKS Board and be a UKS Board member. If the regular Chair is unable to attend then the Chair will nominate a replacement for that meeting. If this is not possible, then Members will appoint a Chair for that meeting from those present.

The Group Audit and Risk Committee shall consist of:

- not less than two other independent non-executive UKS Board members who will be appointed by the UKS Board.
- one independent External member to be nominated by the UKSI Board and approved by the UKS Board. This may be a non-executive member of the UKSI Board.
- up to three other independent External members to be nominated by the Group Audit and Risk Committee and approved by the UKS Board.

At least one Member should be CCAB¹ qualified and have significant recent Accounting experience.

The Group Audit and Risk Committee will be provided with a secretariat function by the UKS Director of Business Services.

Individual terms of appointment shall not exceed four years, however Members may be re-appointed by the end of their term. The number of terms a Member can hold office shall be limited to two.

Quorum

A minimum of three members of the Group Audit and Risk Committee will be present for the meeting to be quorate, of whom at least one should be a UK Sport Board Member.

Responsibilities

The Group Audit and Risk Committee will advise both Boards and Accounting Officers on:

- scope and effectiveness of existing policies and regulatory requirements, including anti-fraud policies, whistle-blowing processes, finance policies and arrangements for special investigations including compliance with the Bribery Act and the review of gifts and hospitality. Also the knowledge and skill levels of staff;
- effective use of resources (i.e. planning, in-year budgetary control together with the quality of forecasting and budget decision making) to achieve the desired outcomes set by the Board;
- the arrangements and assurances received on Cyber Security arrangements;

¹A CCAB qualified accountant is an informal shorthand for full members of any of the UK accountancy bodies formed by Royal Charter. This currently includes the three Institutes (i.e. ICAEW, ICAS, IACI) together with ACCA and CIPFA. Although CIMA left the CCAB in 2011 its members are normally assumed to be included when this phrase is used.

- the strategic processes and assurances received on risk management, financial control, governance and the Governance Statement;
- Annual Report and Accounts of both UKS and UKSI, 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;
- planned work of both internal and external audit including the adequacy of management responses to issues identified by audit activity (i.e. external audit's management letter, effectiveness of internal and external audit and the audit fees); and
- proposals for tendering for internal audit and management audit services or for purchase of non-audit services from contractors who provide audit services.

Rights

The Group Audit and Risk Committee may procure specialist ad-hoc advice at the expense of either organisation, subject to budgets agreed by the respective Boards.

The Group Audit and Risk Committee have the right to request any information or data from UKS or UKSI to enable it to fulfil its responsibilities.

Access

The Directors of Finance for UK Sport and the UKSI, the Head of Internal Audit (if one is employed) and the representatives of External Audit and Internal Audit will have free and confidential access to the Chair of the Group Audit and Risk Committee. Where the internal audit function is outsourced to an external firm, a Partner within that firm is required to attend the Committee to report on their work and findings of their reviews.

Group Audit and Risk Committee members will meet at least once per annum with the External and Internal Auditors without the presence of management and at least once per annum without any other individuals present.

Meetings

The Group Audit and Risk Committee will meet at least four times a year. The Chair of the Group Audit and Risk Committee may convene additional meetings, as they deem necessary. The Committee may hold meetings via conference call, video linking or other electronic media.

As a standing item, all Group Audit and Risk Committee members will be required to declare any potential conflicts of interests at each meeting arising out of business on the Committee agenda. The Chair shall determine the appropriate course of action with the member. If the Chair has a conflict of interest, another member of the Group Audit and Risk Committee shall lead in determining the appropriate course of action.

Group Audit and Risk Committee meetings will normally be attended by the UKS Accounting Officer, the UKS Director of Business Services, the UKSI National Director and the UKSI Director of Finance and Operations, the Head of Internal Audit (where appropriate) and a representative of External Audit. The Group Audit and Risk Committee may ask other officials of either organisation to attend to assist it with its discussion on any particular matter. The Group Audit and Risk 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.

Either Board or Accounting Officer may ask the Group Audit and Risk Committee Chair to convene further meetings and to discuss particular issues on which they want the Committee's advice.

Notices of meetings shall contain information relating to venue, time, date and agenda. Papers to meetings shall be circulated at least one week before the date of the meeting.

Information Requirements

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

- reports summarising any significant changes to the organisations' strategic risks and copies of corporate risk registers;
- a progress report on Internal Audit summarising work performed, key issues, management responses to recommendations and any changes to the agreed audit plan;
- a progress report (written or verbal) from the External Audit representative summarising work done and emerging findings;
- reports on the management of major incidents;
- management accounts and the draft budgets for UKS and UKSI. For clarity, these documents are provided for review by the Group Audit and Risk Committee in order to inform the Board, who are responsible for carrying out their own review, and also for the approval of any financial information.

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

- proposals for the terms of reference of internal audit;
- internal audit strategy and audit plan;
- internal Audit Partner's annual opinion and report;
- quality assurance reports on the internal audit function;
- draft accounts of the organisations;
- UKS draft Governance Statement;
- A summary of the high level assurances underpinning the Governance Statement;
- a report on any changes to accounting policies;
- external audit's management letters;
- report on any proposals to tender for audit functions;
- report on co-operation between internal and external Audit;
- organisations' risk management strategies;
- notification of any instances of fraud, data loss or significant cyber activity which may require disclosure within the Governance Statement;
- bi-annual updates on compliance with the Bribery Act;
- a report on hospitality and gifts given and received.
- whistleblowing policy and details of cases being investigated (if appropriate).

Group Audit and Risk Committee members will also be provided with:

- minutes of the UKS and UKSI Board meetings;
- finance and budget reports provided to each Board;

Reporting

Any potential conflicts of interest should be recorded at the start of each meeting. Members may be required to withdraw for that part of the agenda. The Chair of the Group Audit and Risk Committee will decide if this is appropriate, or else withdraw personally where they have a conflict of interest themselves.

Minutes will be circulated in draft as soon as possible after each meeting for consideration by Committee members, and will be accepted as final if no matters are raised within seven working days. The Chair of Group Audit and Risk Committee will consider any matters that are raised and agree any minor amendments. Where substantial issues are raised, these will be considered at the next meeting.

The Group Audit and Risk Committee will formally report to both Boards and the Accounting Officers after each meeting by making final minutes available. The Chair of the Committee will provide the Board of UK Sport with a verbal update on matters discussed at the Committee and any items to be highlighted for the Board's consideration.

The Group Audit and Risk Committee will provide both Boards and both Accounting Officers with either a written or verbal annual report, timed to support finalisation of the accounts and the Governance Statement, summarising conclusions from the work it has done during the year.

Annual Evaluation

The Group Audit and Risk Committee will annually review these Terms of Reference and its own performance and effectiveness. A report of the review will be provided to both Boards.