

Finance, Risk, Remuneration, Audit and Governance Committee

Terms of Reference

1. Membership

1.1 The Finance, Risk, Remuneration, Audit & Governance Committee (FRRAG) will have no fewer than 3 trustees as well as the CE and Finance Director.

1.2 The chair of the FRRAG will be appointed by the board from any of its members except the chair of the Board.

1.3 All FRRAG members will be appointed to the FRRAG by the board. Ideally, at least one FRRAG member shall be suitably financially qualified and have recent and relevant financial experience.

1.4 The term of service for FRRAG members will be for a period of 3 years, extendable for up to a maximum of a further 3 years at the discretion of the board. FRRAG members who are members of the board may stand down with the consent of the board and their service will discontinue if they no longer serve as members of the board.

1.5 The FRRAG shall be entitled to co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience, with approval of the board.

1.6 Members should declare conflicts of interest not previously notified.

2. Secretary

2.1 The CE or other senior manager will act as secretary to the FRRAG with responsibility for co-ordinating its business and servicing its meetings.

3. Quorum

3.1 A duly convened meeting of the FRRAG at which a quorum of two members is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the FRRAG, so long as at least one is a member of the Board.

4. Frequency of meetings

4.1 The FRRAG will meet at least 4 times a year at appropriate times in the reporting and audit cycle, co-ordinated in advance of the board, so that it may receive reports and recommendations.

5. Attendance at FRRAG meetings

5.1 All meetings will be chaired by the chair of the FRRAG. In the absence of the chair the remaining members present shall elect one of the trustees to chair the meeting.

5.2 The FRRAG may ask any or all of those who normally attend but who are not Trustees to withdraw from the discussion of particular matters to facilitate open and frank discussion.

6. Notice of meetings

6.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed and any relevant papers shall be sent to FRRAG members and all other persons required attending, normally no later than 5 working days before the date of the meeting.

7. Minutes of meetings

7.1 The secretary will arrange for a record of the proceedings and decisions of each meeting to be made, including the names of those present and in attendance and any declarations of conflict of interest.

7.2 Draft minutes of the meetings shall be circulated within 10 working days of the meeting taking place to the chair of the FRRAG and then to all members and attendees of the FRRAG.

7.3 The minutes of the meeting shall be approved by the FRRAG at its subsequent meeting. The main Board will receive minutes.

8. Duties and responsibilities

8.1 The FRRAG will agree in advance with the board each year an annual programme of activity taking into account Active Oxfordshire operating environment, resources and risks.

8.2 The FRRAG shall have the following specific duties and responsibilities:

8.3 Financial reporting

8.3.1 The FRRAG shall review Active Oxfordshire's proposed budget in advance of each financial year and report its opinion to the board prior to the budget being signed off.

8.3.2 The FRRAG shall monitor the integrity of the financial statements of Active Oxfordshire, including quarterly reports on Active Oxfordshire's financial performance, reviewing significant financial reporting issues and judgements which they contain.

8.3.3 The FRRAG shall satisfy itself that the annual financial statements represent fairly the financial position of Active Oxfordshire.

8.3.4 In particular, the FRRAG shall review and challenge where necessary

- the consistency of, and any changes to, accounting policies
- whether the accounting policies in place comply with relevant requirements, particularly the HM Treasury's, and Charity Commission's, financial reporting manual and accounts direction
- the methods used to account for significant or unusual transactions where different approaches are possible
- whether Active Oxfordshire has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor where these have been sought or provided
- the clarity of disclosure in Active Oxfordshire's financial reports and the context in which financial statements are presented

- all material information presented with the financial statements (insofar as it relates to the financial statements or to audit and risk management)
- that there has been a robust process in preparing the financial statements and annual report

8.4 Internal control and risk management

The FRRAG shall:

- 8.4.1 Review Active Oxfordshire's proposed business plan in advance of each financial year and report its opinion to the board prior to the plan being signed off.
- 8.4.2 Review and critically challenge the adequacy and effectiveness of Active Oxfordshire's financial and non-financial internal control and risk management activities in relation to the organisation's risk appetite.
- 8.4.3 Satisfy itself that the system of internal control has operated effectively throughout the reporting period.
- 8.4.4 Review and recommend to the board the annual governance statement and any other statements to be included in the annual report concerning internal control and risk management.
- 8.4.5 Review operational risks and consider risks arising from the impact of high risk activity or casework.
- 8.4.6 Consider Active Oxfordshire's strategic risk register at each meeting of the FRRAG and make recommendations to the board regarding Active Oxfordshire's risk framework and risk management activity.
- 8.4.7 Review the adequacy of governance arrangements.
- 8.4.8 Consider the risks and benefits within any significant contracts being considered by Active Oxfordshire and provide reports to the board to assist its decision making.
- 8.4.9 Scrutinise any other special strategic operations, including cost reductions, change programmes and material projects if they are considered to pose a significant risk, either at its own volition or following a request from the board.

8.5 Compliance, whistleblowing and fraud

The FRRAG shall:

- 8.5.1 Review the adequacy and security of Active Oxfordshire's arrangements for its employees or contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.
- 8.5.2 Review the operation of Active Oxfordshire's anti-fraud policy.
- 8.5.3 Review Active Oxfordshire's systems and controls for the prevention of bribery and receive reports on non-compliance.
- 8.5.4 Receive regular reports of any alleged instances of fraud, theft whistleblowing or bribery occurring amongst Active Oxfordshire's staff, board or committee members, contractors or any other individuals acting on its behalf and regularly review the operation of relevant policies.

8.5.5 Receive regular reports of security steering group meetings which will cover any breaches of data protection.

8.6 External audit

The FRRAG shall:

8.6.1 Oversee the relationship of Active Oxfordshire with the external auditors and review their effectiveness.

8.6.2 Meet regularly with the external auditor, at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.

8.6.3 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.

8.6.4 Review the findings of the audit with the external auditors. This shall include but not be limited to:

- a discussion of any major issues that arose during the audit
- any accounting or audit judgements
- levels of errors identified during the audit
- the effectiveness of the audit

8.6.6 Review any representation letter(s) requested by the external auditor before they are signed by management

8.6.7 Review the management letter and the adequacy of management's response to the auditor's findings and recommendations.

9. Business continuity and health and safety

The FRRAG shall:

9.1 Review and assess Active Oxfordshire's health and safety policies and receive reports on any statutory breaches and how effective the operation of the policy has been.

9.2 Review and assess Active Oxfordshire's business continuity plans and receive reports on how effectively the plans have worked in particular incidents.

10. Reporting responsibilities

10.1 The FRRAG chair will formally report in writing to the board after each meeting. This will usually be done by submitting a copy of the draft minutes with the chair highlighting any significant matters which the FRRAG considers relevant to draw to the board's attention.

10.2 The chair will provide an annual report to the board, timed to support the preparation of the annual governance statement, summarising its conclusions from the work it has done during the year.

11. Rights

11.1 The FRRAG shall be entitled to:

- sufficient resources to carry out its duties, including access to Active Oxfordshire's governance and business assurance resource
- appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members
- procure specialist ad-hoc advice at the expense of Active Oxfordshire, subject to confirmation from the board that funds are available
- seek any information it requires in order to perform its duties from any employee of the Active Oxfordshire
- call any employee to be questioned at a meeting of the FRRAG as and when required
- publish in the Company's annual report details of any issues that cannot be resolved between the committee and the board

11.2 The chief of external audit representative will have free and confidential access to the chair of the FRRAG.