

## **Group Audit and Risk Committee**

### **Functions**

#### ***General***

1. To advise the Ongo Group Board on whether the Group has robust risk management, internal control and assurance frameworks in place.
2. To provide independent scrutiny and challenge, while providing assurance to the board.
3. Ensure that there is a transparent procedure in place for the selection, appointment, oversight and periodic review of external and internal auditors.
4. Appoint both the external and internal auditors, subject to any ratification required at the Annual General Meeting.

#### ***External and Internal Audit***

5. Discuss with the external auditor, the nature and scope of the planned audit programme, prior to its commencement.
6. Discuss problems and reservations arising from any interim and final audit, and any matters the external auditors may want to discuss (in the absence of management if necessary).
7. Consider and agree the Accounting Policies of the Ongo Group Board and recommend their adoption by the Board.
8. Review the Annual Financial Statements from the perspective of compliance with Accounting Policies, Standards, law and regulations, and their consistency with prior reporting of financial results during the year, advising the Board on any matters of discretion available within the Annual Financial Statements.
9. Agree the Internal Audit Plan, and monitor the performance and progress against that Plan.
10. Agree Management Action Plans from agreed Internal and External Audit recommendations (or similar), and constantly monitor their implementation.
11. Review the External Auditors' management letters and management's response, and submit them to Board for consideration.
12. Oversee the scope and delivery of any non-audit related work undertaken by the internal or external auditors.
13. Ensure co-operation and co-ordination between internal and external auditors.
14. As a matter of principle and to ensure that their independence is not compromised, the Committee should meet separately with the internal and external auditors at least once a year without any staff being present.

### ***Internal Controls***

15. Establish and oversee systems of delegation and internal control.
16. Keep under constant review the effectiveness of those internal control systems and have responsibility for recommending to the Board the Annual Statement of Internal Control.
17. To commission, where necessary and with the approval of the Board, special investigations into matters of particular concern relating to internal controls.
18. To ensure that the impact of alleged or fraudulent activity on the organisation's framework of internal control is properly assessed and, where it considers it necessary, to recommend changes to strengthen the control framework.
19. To receive reports relating to any matters of whistleblowing or alleged or actual fraudulent activity that may have an effect upon the organisation (or any of its subsidiaries) and ensure that any necessary reports about fraud are made to the relevant Regulator.

### ***Risk***

20. Establish policies, strategies and procedures for the identification and management of risk for approval by the Group Board so as to minimise and take appropriate action in respect of those risks which will adversely affect Ongo Group Board's ability to meet its business objectives and deliver services successfully. This includes the establishment of a relevant and comprehensive stress testing framework which involves arrangements for scenario planning to assess resilience.
21. Continuously monitor Ongo Group Board's Risk Map including for the identification of new risks and for the changing context of risks already identified.
22. Resolve Ongo Group Board's strategy for addressing insurable risk, including the maintenance of adequate insurance cover, ensuring Ongo Group Board's assets and resources are subjected to agreed acceptable levels of insurable risk.
23. Establish and review Ongo Group Board's Business Continuity Plan (including the disaster recovery plan).

### ***Other***

24. Review Health and Safety compliance practices within the Ongo Group Board as part of the Committee's assurance remit.
25. Consider any proposals to change Standing Orders and Financial Regulations and recommend these to Board.
26. Ensure that systems are in place to ensure compliance with funding contracts.
27. Ensure that adequate systems are in place to ensure the Board fulfils its duties under co-regulation, and receive from ELT an annual report of compliance with Regulatory Standards and other relevant standards for Group entities.
28. To review the probity register at least twice per year.

29. Review all Ongo Group Board policies regarded by Board as policies which are relevant to these Terms of Reference as set out in the Policy Approval Framework
30. To review Ongo Group Board's gifts and hospitality register at least once per year.
31. To review Ongo Group Board's contracts and procurement register at least once per year.

### **Authority and Access to Information**

32. The Committee may meet with the external auditors without any employee or the internal auditors being present, and may meet with the internal auditors without any employee being present.
33. The Committee is authorised by the Board to obtain outside legal or other independent professional advice up to a value agreed by the Board and to secure the attendance of outsiders with relevant expertise and experience if considered necessary.
34. The Committee Chair will report the exercise of this authority to the Group Board Chair together with the advice received. Unless the Board Chair is of the opinion that to reveal the advice would compromise any investigation or to do so would be contrary to the interests of the Ongo Group Board, all relevant facts relating to the advice will be reported to the Board at its next meeting or as soon as appropriate thereafter.
35. The Committee has right of access to information within its terms of reference and shall receive the co-operation of all Ongo staff so as to be able to carry out its responsibilities.
36. In the case of dispute, the Group Board's decision will override that of the Audit and Risk Committee. The Chair of the Audit and Risk Committee has the right to report any such decision to the external auditors (and where necessary to external regulatory bodies) after discussion at the Group Board about this proposed course of action.

### **Accountability**

37. The Committee is accountable to Ongo Group Board for the fulfilment of the responsibilities delegated to it as set out in this Terms of Reference.
38. All Committee Members share responsibility for its decisions and should act only in the interests of Ongo Group Board and not on behalf of any constituency or interest group.
39. The Ongo Group Board will obtain assurance on the committee's work via minutes and regular verbal feedback from the Committee Chair on all of the Committee meetings.
40. The Chair of the Committee will ensure that key issues are promptly brought to the attention of Ongo Group Board.
41. The Committee will report formally on its work to Ongo Group Board on an annual basis.

### **Composition**

42. The Committee will have a membership of 4 comprising 3 Group Board members (one of which will be the Committee Chair) and 1 independent member.
43. The Chair of the Parent Board may not sit on this Committee and may not Chair this Committee.

### **Quorum**

44. The quorum for the Committee will be 2.

### **Frequency of meetings**

45. The Committee will meet quarterly.

### **Skills requirements**

46. In addition to those set out in the statement of preferred composition, the specific skills requirements for this Committee include:

- Risk management, assurance and internal control
- Scrutiny and challenge
- Financial management and / or accounting
- Audit
- Investigative skills
- Analytical skills
- Corporate governance
- Compliance and regulation
- Demonstrating commitment to and understanding of the values and objectives of the Ongo Group Board.
- Appreciation of executive and non-executive roles and responsibilities.
- Ability to dedicate sufficient time and energy.
- Confidence to give honest opinions and add value to decision-making.
- Inquisitiveness and independent judgement.
- Capacity to keep up to date with the operating environment.
- Understanding the wider social role of Ongo Group Board across local communities
- Understanding of legislation and key values of equality, diversity and fairness

### **Review**

47. The Ongo Group Board has approved these terms of reference and they will bind the Committee from (date).

48. At least every two years, the Committee shall review its structure, delegated responsibilities, reporting arrangements and its terms of reference and report its conclusions to Ongo Group Board, including any recommendations for change.