

St Albans Diocesan Board of Finance

Audit Committee – Terms of reference

1. Membership

- 1.1. The Committee shall comprise at least three members appointed by the Board, the majority of whom shall be members of the Diocesan Synod and at least two shall be members of the DBF, to serve for the triennium. One third of the members plus one shall form a quorum.
- 1.2. At least one member shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The chairman of the Board shall not be a member of the Committee. The Diocesan Secretary, Financial Secretary, Management Accountant and minute taker will attend meetings except that, at least once per annum, they shall withdraw during a meeting with the external auditors.
- 1.3. The external auditor will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4. The Board shall appoint the Committee chairman. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Frequency of meetings

- 2.1. The Committee shall meet at least twice a year.

3. Duties

The Committee should carry out the duties below for the Board of Finance, including the Board of Education, and any subsidiary companies.

3.1. Financial reporting

The Committee shall review the integrity of the financial statements of the company, including its annual report and management accounts.

3.2. Internal controls and risk management systems

The Committee shall keep under review the adequacy and effectiveness of the company's internal financial controls and internal control and risk management systems.

3.3. Reporting

The Committee shall review and approve the statements to be included in the annual report with particular reference to:

- 3.3.1. significant accounting policies, any changes to them and any significant estimates and judgements;
- 3.3.2. the significant financial reporting issues and judgments made in connection with the preparation of the financial statements;

- 3.3.3. the clarity and completeness of disclosures in the financial statements and consideration of whether the disclosures are set properly in context;
- 3.3.4. compliance with accounting standards;
- 3.3.5. compliance with legal requirements.

3.4. Compliance, whistleblowing and fraud

The Committee shall:

- 3.4.1. Review the adequacy and operation of the Board's whistleblowing policy;
- 3.4.2. Review the procedures for detecting fraud; and
- 3.4.3. Review the systems and controls for the prevention of bribery and receive reports on non-compliance

3.5. External audit

The Committee shall:

- 3.5.1. Consider and make recommendations to the Board, for approval at the AGM, in relation to the appointment, reappointment and removal of the company's external auditor;
- 3.5.2. Review and approve any significant adjustments resulting from the audit;
- 3.5.3. Ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms;
- 3.5.4. Oversee the relationship with the external auditor including (but not limited to) recommendations on the remuneration and terms of engagement;
- 3.5.5. Meet the auditors at least once a year to discuss, *inter alia* the auditor's remit and any issues arising from the audit.

4. Reporting responsibilities

The Committee shall report to the Board of Finance and make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.