

## **Audit and Governance Committee**

### **Terms of reference**

### **March 2024**

#### **Purpose**

- To oversee the financial reporting process to ensure the completeness, transparency and integrity of published financial information;
- To review the effectiveness of the charity's internal controls, risk management and compliance systems; and the independent audit process - including recommending the appointment and assessing the performance of the external auditor and the provision of non-audit services; and
- To ensure there is a framework for corporate governance established, monitored and reviewed by Cycling UK.

#### **Authority**

The Audit and Governance committee is appointed by, and responsible to Cycling UK's Board. The committee will produce an annual work plan. However, it is also required to retain a certain amount of independence. It must be free to decide what areas (financial and non-financial) it will review without influence from staff or other trustees and it must be prepared to take a robust stand.

#### **Responsibilities**

The committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

##### **1. Financial reporting**

The committee will monitor the integrity of the financial statements of the company and any other formal statements relating to its financial performance, and review and report to the board on significant financial reporting issues and judgements which those statements contain, having regard to matters communicated to it by the audit. In particular, they will:

- a. Oversee the financial reporting process implemented by management. Challenge where necessary the accuracy of information provided to the Board;

- b. Monitor the integrity of the annual accounts to ensure they provide a true and fair view of the charity's affairs, meet legal requirements, comply with SORP and take account of best practice;
- c. Meet with management and external auditors to review the annual accounts, the key accounting policies, and judgements about the treatment of unusual items and determine that they are complete, reflect appropriate accounting policies and contain adequate disclosure; and
- d. Review relevant sections of the trustees' report before its publication and consider whether the information is adequate, consistent, and easy to understand.

## **2. Internal control, risk management and compliance**

- a. Keep under review the effectiveness of internal controls and risk management systems, including compliance with the legal and regulatory environment within which Cycling UK operates; and
- b. Review and approve the statements to be included in the trustees' report concerning internal controls and risk management.

## **3. Internal audit**

- a. Consider annually the need for an internal audit function and report to the Board on why such a function is or is not needed; and
- b. To request regular 'deep dives' into areas of business of the charity as part of its scrutiny and risk management role.

## **4. External audit**

- a. Consider and make recommendations to the Board, to be put to members for approval at the AGM about the appointment, reappointment, and removal of the external auditors. The committee should oversee the selection process for new auditors;
- b. Oversee the relationship with the external auditors including approval of their terms of engagement (including a policy on the supply of non-audit services) and remuneration; and assess their effectiveness and compliance with relevant professional and regulatory requirements;
- c. Review and approve the annual audit plan;
- d. Review the findings of the audit and discuss any major issues which arise, any accounting and audit judgements and levels of error identified; and
- e. Meet the external auditor at least once a year with/without management to discuss their remit and any issues arising from the audit and the management's response to the auditor's findings and recommendations.

## **5. Whistleblowing and Complaints**

- a. Review the arrangements for employees and volunteers to raise concerns in confidence and ensure that the arrangements allow proportionate and independent investigation of possible wrongdoing and appropriate follow-up action;
- b. To recommend the Whistleblowing policy to the Board of trustees; and
- c. To maintain oversight of the administration of the Cycling UK complaints policy and review the complaints log at least once a year to ensure complaints have been managed and resolved, where possible, appropriately.

## **6. Corporate Governance**

- a. Advise the Board of trustees on all governance aspects of Cycling UK including potential compliance issues with strategic partners and other stakeholders;
- b. Work with the Chief Executive, COO and SLT to ensure that the charity's governance and accountability structures are open and transparent, and that the charity operates within the law and guidelines set out in current legislation by the Charity Commission;
- c. Provide the Board with clear information and guidance as to how it should proceed in any other governance issues specifically delegated to it by the Board;
- d. Communicate to the Board of trustees on an exceptional basis any serious concern or issue affecting the governance of the charity or its work;
- e. Review organisational governance against relevant governance Codes; monitor and report on compliance and progress, where necessary, using associated Code action plans; and
- f. Develop, share and implement best practice in the charity's work in relation to governance issues.

## **Membership of the Audit and Governance Committee**

### **1. Composition:**

- a. The committee will consist of three trustees appointed by the Board. The committee, with the Board's approval, may also choose to appoint an Independent non-director member. The quorum is two. The CEO and COO will attend all meetings with the exception of any in-camera session with the Auditors. Other members of the SLT will be invited on specific topics;
- b. The committee members should have the range of skills and experience required for the committee to function effectively;

- c. The Chair of the Audit & Governance Committee will be appointed by the Board from among the members of the Committee. The Chair should have either recent, relevant financial experience or recent experience of an Audit and Governance committee. In the absence of the committee chair, the remaining members present must elect one of themselves to chair the meeting;
- d. The Chair of the Board will not sit on the Committee but can be called to attend; and
- e. The Committee may appoint professional advice when required.

## **2. Tenure**

- a. The usual term of office for members of the committee is three years. This may be extended at the discretion of the Board, up to a maximum of six years. Reappointment of an Independent non-director member to be reviewed on an annual basis, with a maximum term of 9 years.

## **Meeting management**

- The Audit and Governance Committee will meet up to four times a year. Meetings can be called at any time should the Chair of the Board, the Chair of the Audit and Governance Committee or the CEO consider this necessary.
- The agenda and papers will be circulated at least five days before the meeting.

Approved by the Board  
xx 2024