

British Association and Royal College of Occupational Therapists

Audit, Investment and Risk Committee

Terms of Reference and Membership

1. Purpose and Responsibility:

- 1.1 The Audit, Investment and Risk Committee will take delegated responsibility on behalf of Council for ensuring that there is a framework for accountability; for implementing the investment policy and overseeing the organisation's investments; for reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management, and compliance relevant with law, regulations and good practice.

2. Composition, Authority and Reporting:

- 2.1 The Audit, Investment and Risk Committee will consist of six members, viz: two Directors / Trustee Members of Council; one senior member of the profession who is not a Member of Council; and three independent external members, one who shall have audit experience, one who shall have suitable investment experience and one with appropriate skills and expertise in governance functions.
- 2.2 The Chair of the Audit, Investment and Risk Committee shall be a member of the Committee and will be appointed by Council.
- 2.3 Any Director / Trustee not being a member of the Audit, Investment and Risk Committee may attend a meeting of the Committee by giving notice to the Chief Executive.
- 2.4 The Chief Executive, Director of Finance and Corporate Services and such other members of staff as the Chair may require, shall be in attendance at meetings.
- 2.5 Unless otherwise determined by Council, a quorum shall consist of three members of the Audit, Investment and Risk Committee.
- 2.6 RCOT Members of the Audit, Investment and Risk Committee may serve for not more than four years. Independent external Members may serve for a second term of not more than three years, if invited to do so by Council.
- 2.7 The Audit, Investment and Risk Committee will report formally in writing once a year to Council.
- 2.8 The Audit, Investment and Risk Committee will review and update the risk register regularly and report to Council at least once a year.
- 2.9 The Audit, Investment and Risk Committee is authorised to obtain appropriate external legal and other professional advice in order to fulfill its responsibility to Council (as the Board of Directors and Trustees).
- 2.10 The Audit, Investment and Risk Committee is authorised to investigate on behalf of Council anything that threatens or adversely affects the accomplishment of the organisation's aims and objectives, its assets, the reliability of records and information, and its compliance with relevant laws, regulations, policies and its governing instruments, and make appropriate recommendations to Council.

Main Duties:

3. General:

- 3.1 To recommend to Council a framework of effective audit coverage, having reviewed the internal and external audit processes.
- 3.2 To advise Council on the minimum and optimum level of internal and external audit arrangements.
- 3.3 To ensure that regular audits are carried out in the following areas: legal, risk, financial (including statutory annual audits, VAT, PAYE), IT, health and safety, investments and insurance, and to contribute to these reviews.
- 3.4 To investigate on behalf of Council any financial or administrative matter which may put the organisation at risk.
- 3.5 To examine reports on special investigations and to advise Council and the Chief Executive accordingly.
- 3.6 To monitor the appropriateness of executive action following internal audit reviews and to advise senior management on any additional or alternative steps to be taken.
- 3.7 To ensure there is co-ordination and good working relationships between internal audit, external audit and any other review bodies that may be set up.
- 3.8 To ensure staff are aware of the RCOT whistleblowing policy and that they can take concerns about significant risks related to the organisation to the Audit, Investment and Risk Committee after having exhausted other avenues. This function will be explained to staff during their induction.
- 3.9 To keep available minutes of all Audit, Investment and Risk Committee meetings for inspection at the request of Council.
- 3.10 On behalf of Council, to review and approve the investment policy annually at a minimum or when material changes occur.
- 3.11 On behalf of Council, to monitor the performance of the portfolio and the investment manager's adherence to investment guidelines on an ongoing basis including the level of volatility in the portfolio and to ensure the agreed risk is maintained in changing market conditions. The Committee will review the information provided by the investment manager at each of its meetings. The investment manager is required to present into the Committee at least twice a year.

4. External Auditors:

- 4.1 To approve the remuneration of the Company's auditors.
- 4.2 To determine the frequency of tendering for external auditing services.
- 4.3 To consider tenders for external auditing services and recommend to Council which firm should carry out the annual external audit of the statutory accounts.
- 4.4 To scrutinise and advise Council on the contents of the draft audit report and of any management letter that the auditors may wish to present to Council, and to formulate for Council's use any written representations that may be needed by the auditors in connection with the Association and Royal College's statutory accounts or any other financial statements.
- 4.5 To discuss with the external auditors any problems or reservations arising from the draft external audit report and draft management letter, reporting relevant issues back and advising Council accordingly.

- 4.6 To review the performance of the organisation's auditors and advise Council on any changes that ought to be made to their terms of engagement.
- 4.7 To obtain any necessary external professional advice to enable the Audit, Investment and Risk Committee to carry out its responsibilities more effectively.
- 4.8 To provide the external auditor with direct access to the Chair of the Audit, Investment and Risk Committee.

5. Meetings:

- 5.1 The Audit, Investment and Risk Committee will meet four times per year, with one of these meetings timed to allow consideration of the draft report of the annual external audit.
- 5.2 Additional meetings may be authorised by the Chair of the Audit, Investment and Risk Committee where they consider exceptional circumstances warrant such an action.

6. Review of the Terms of Reference:

- 6.1 The Terms of Reference of the Audit, Investment and Risk Committee will be reviewed every three years.

Approved by Council at its 12 January 2022 meeting