



## **AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

**Approved by the Board on 17 February 2020**

#### **1. Membership**

- The Chairman and Membership of the Committee shall be appointed annually by the Board.
- The Committee shall comprise a minimum of four Board Members and have a quorum of three.
- Ideally at least one Member of the Committee shall have recent and relevant financial experience and/or auditing.
- The Chairman of the Committee shall not be Chairman of the Board.
- In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed by the Board.
- The Board's officers and the Internal Auditor, or other person shall attend meetings at the invitation of the Committee.
- The Committee shall co-opt members as required.

#### **2. Frequency of Meetings**

- 2.1 The Committee shall meet a minimum of twice a year, usually in May and November.
- 2.2 Outside of the formal meeting programme, the committee chairman, and to a lesser extent other committee members, will maintain a dialogue with key individuals involved in the company's governance, including the Board Chairman, the Harbour Master, Treasurer, Clerk and auditor.

#### **3. Annual General Stakeholder Meeting**

- 3.1 The Committee Chairman should attend the annual general meeting to answer any stakeholder questions on the committee's activities.

#### **4. Scope**

##### **4.1 General**

- review the annual audit plan for the coming year
- review and if satisfied recommend approval of the Board's Annual Accounts and Annual Return especially Section 2 "Annual Governance Statement".
- review a summary of internal audit work undertaken, detailing progress against key recommendations
- receive and review the Management Letter and any reports from the external auditors together with a review of the actions proposed.
- maintain an appropriate relationship with the Board's auditors.

#### 4.2 *Internal Audit*

- to monitor and assess the role and effectiveness of the internal audit function in the overall context of the Board's risk management system.
- to review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the organisation
- to ensure that the Internal Auditor has direct access to the Board, the Chairman and the Audit Committee and is accountable to the Audit Committee
- to receive a report on the results of the internal auditors work on a periodic basis
- to review and monitor the Board's officers responsiveness to the internal auditors' findings and recommendations
- to advise the Board on any appointment or dismissal of the Internal Auditor

#### 4.3 *External Audit*

The External Auditor to the Board is appointed by the Audit Commission (and is currently PKF Littlejohn). Its scope is:

- to receive a report on the results of the External Auditors findings on a periodic basis
- to review and monitor the Board's officers' responsiveness to the external auditors' findings and recommendations

#### 4.4 *Audit Activity*

- to advise the Board on the appropriate arrangements for internal audit, ensuring the independence, status and profile of the internal audit function.
- to promote effective internal control through development of an anti-fraud culture and the consideration of the Board's internal control mechanisms in operation.
- to oversee the provision of an adequate and effective audit through agreeing internal audit plans and monitoring delivery of the audit service.
- to review the Board's annual accounts and the annual return with the view to making recommendations as appropriate to the Board for their approval.
- to consider both internal and external audit reports, comments and opinion, and assess the level of assurance it can give over the Board's corporate governance arrangements.
- to consider any reports or comments dealing with the management and performance of the providers of internal audit services.
- to consider any reports from internal audit on agreed recommendations not implemented with a reasonable
- to comment on the scope and depth of audit work and to ensure it gives value for money.
- to commission work if considered necessary from either the internal or external auditors.

### 5. **Other Matters**

#### 5.1 The Committee shall:

- Have access to sufficient resources in order to carry out its duties
- Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members
- Arrange for periodic reviews of its own performance and, at least every three years, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

## **6. Authority**

6.1 The Committee is authorised by the Board to:

- Investigate any activity within its terms of reference
- Seek any information that it requires from any employee of the Board and all employees are directed to co-operate with any request made by the Committee
- Obtain legal or other professional advice on matters within its terms of reference and secure the attendance of third parties with relevant experience and expertise if it considers necessary
- If any matter is considered urgent and in view of the auditors or officers of the Board, cannot wait until the next meeting of the Committee or the Board for action to be taken, it should be presented to the Chairman of the Board or in his absence the Vice Chairman of the Board for agreement of the action to be taken. Should urgent action be taken in this way, a report for information should be submitted to the next available meeting of the Board detailing what action has been taken under the authority of the Chairman or Vice Chairman.

## **7. Reporting**

7.1 The Committee will report to the Board through its Minutes

7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee to approve via email. Once approved, minutes should be circulated to other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.