



# WIMBLEDON AND PUTNEY COMMONS

## Terms of Reference for the Audit and Risk Committee

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### 1. Overall responsibility

**On behalf of the Board of Conservators, it is the responsibility of the Audit and Risk Committee (ARC) independently to:**

- monitor the integrity of the annual financial statements of WPCC, reviewing significant financial reporting issues and judgements contained in them;
- ensure effective policies and procedures and compliance systems for managing risk are in place and to review their effectiveness;
- make recommendations to the Board of Conservators in all matters in relation to the external auditor;
- ensure effective procedures and safeguards are in place to monitor the prevention of fraud and corruption;
- prepare and publish an annual report of the work of the ARC; and
- report back to the Board of Conservators on all matters where decisions are required unless, exceptionally, authority has been delegated to the ARC by the Board of Conservators in respect of a particular matter.

### 2. Composition, attendees and quorum

- The ARC will consist of not fewer than three Conservators appointed by the Board of Conservators.
- Neither the Chairman of the Wimbledon and Putney Commons Conservators (WPCC) nor any member of the Finance and Investment Committee may be a member of the ARC although they may attend as observers.
- External, independent co-opted members with relevant skills, expertise and experience may be appointed by the Board of Conservators, as long as the number of Conservators on the ARC is greater than the number of external independent observers invited to attend regularly<sup>1</sup>. External independent co-opted members are not members of the ARC and have no voting rights.
- At least one member of the ARC should have significant, recent and relevant financial experience, expertise or qualification.
- The Chairman of the ARC will be appointed by the Board of Conservators.
- In the absence of the Chairman the remaining Conservators present shall elect one of their number to chair the meeting.
- The Chief Executive, Chief Operations Manager and such other members of staff as the ARC Committee may require, shall normally attend meetings.
- Recommendations to the Board of Conservators or decisions, where appropriate, will be made on the basis of a majority of the votes of the ARC members present and in the case of an equal division of votes the Chairman shall have a second/casting vote.
- A quorum shall consist of two members of the ARC each of whom is a Conservator.
- The Chairman of the Board may nominate alternative Board delegates if one or two of the members of ARC cannot attend a meeting.
- The members of the ARC may ask any or all of those who normally attend but who are not members to withdraw from the discussion of particular matters to facilitate open and frank discussion.
- Appointments to the ARC will be for a period of up to three years extendable by no more than two additional three-year periods.

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<sup>1</sup> As WPCC's governing documents are silent about non-Conservators serving on Sub-Committees, the usual assumption is that they are therefore not permitted. One way of bringing on relevant skills and expertise is to have carefully selected co-opted members present regularly who can add to the quality of decision-making and who can alert Conservators to opportunities, risks etc.

- There will be at least three ARC meetings each year usually held three weeks before a scheduled Board of Conservators meeting. The May meeting will need to consider the draft audited accounts and the Management Letter provided by the independent auditors.

### 3. Authority

The ARC is authorised by the Board of Conservators to:

- approve actions, where this is specifically delegated as set out in the WPCC Financial Regulations and Scheme of Delegations, as approved by the Board of Conservators;
- appoint ad-hoc task groups comprising members of the Audit and Risk Committee (and others whom the Board of Conservators considers appropriate) to assist it in carrying out the task and to report back to the Audit and Risk Committee for referral and decision to the Board of Conservators;
- investigate any activity within its terms of reference; and
- seek any information it requires and to ensure the attendance of management representatives at meetings as appropriate.

The ARC shall inform and discuss with the Board prior to action:

- any proposed public statements to be made in respect of matters appertaining to the ARC;
- any expenditure it wishes to incur on behalf of the ARC, subject to confirmation from the Board that funds are available; and
- any outside legal or other independent professional advice and on securing the attendance of outsiders with relevant experience and expertise that it considers necessary.

The ARC shall comply with any decisions concerning authorisation and/or payments to external auditors that the Board of Conservators may make from time to time.

### 4. Main duties

All these duties are to be undertaken within the framework of WPCC's objectives.

#### Financial

The main financial duties of the ARC are:

- to review and challenge where necessary the accuracy of information provided in the WPCC's Annual Report and the annual accounts;
- to review, and challenge where necessary, the actions and judgements of management, in relation to the annual financial statements before submission to the Board of Conservators, paying particular attention to:
  - critical accounting policies and practices, and any changes in them;
  - decisions requiring a major element of judgement;
  - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - the clarity of disclosures;
  - significant adjustments resulting from the audit;
  - unadjusted mis-statements in the financial statements;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - compliance with accounting standards;
  - reviewing WPCC's statement on internal control systems prior to endorsement by the WPCC Board; and
- to review relevant sections of the WPCC's Annual Report before its publication and consider whether the information is adequate, consistent and easy to understand.

#### Internal control, risk management and compliance

The main internal control, risk management and compliance duties of the ARC are to:

- keep under review the effectiveness of internal controls and risk management systems, including compliance with the legal and regulatory environment within which WPCC operates;

- review WPCC's risk register and heat map at each meeting so as to ensure that the major risks to which the charity is subject are appropriately recorded and that actions to mitigate such risks are in place;
- review the adequacy of governance arrangements;
- monitor and advise the Board of Conservators on the risks attached to WPCC's pension schemes particularly defined benefit schemes; and
- review and approve the statements to be included in WPCC's annual report concerning risk and risk management, including a statement regarding risks attached to WPCC's defined benefit pension liabilities and how these pension liabilities are being handled by the Board of Conservators.

### External audit

The main external audit duties of the ARC are to:

- determine the frequency of tendering for external auditing services;
- oversee the process for selecting the external auditor;
- recommend the audit fee to the board;
- discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- meet the external auditor at least once a year in the absence of management to discuss their remit and any issues arising from the audit and the management's response to the auditor's findings and recommendations;
- review the external auditor's management letter (audit findings report) and senior management's draft response and to formulate for the approval of the Board of Conservators any written representations that may be needed by the auditors in connection with WPCC's statutory accounts or any other financial statements;
- review the performance of WPCC's auditors and advise the Board of Conservators on any changes that ought to be made to their terms of engagement;
- monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant UK professional and regulatory requirements; and
- develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

### Whistle-blowing

The main duties of the ARC with regards to whistle-blowing are to:

- review the arrangements for employees and others to raise concerns in confidence, ensure that the arrangements are documented in a clear policy and allow proportionate and independent investigation of possible wrongdoing and appropriate follow-up action
- review WPCC's procedures for detecting fraud and corruption.

### Other

Other duties of the ARC are to:

- ensure that contingency and disaster recovery plans are in place and are regularly tested;
- where the monitoring and review activities of the ARC reveal cause for concern, or scope for improvement, to make recommendations to the Board of Conservators on action needed to address the issue or to make improvements; and
- ensure communication with other WPCC Committees as appropriate.

The ARC may, from time to time, be assigned additional duties as considered relevant by the Board of Conservators.

### General

General duties of the ARC are to:

- review annually the effectiveness of the ARC and to provide and publish an annual report that will include:
  - i. what the ARC has achieved in the last 12 months;
  - ii. what the ARC hopes to achieve in the next 12 months;

- iii. what the ARC plans to do differently in order to increase its effectiveness; and
- iv. what changes, if any, are needed to the ARC Terms of Reference to be approved by the Board of Conservators.

This report will be published as an annex to the Annual Report.

## **5. Reporting**

Reporting duties of the ARC are:

- to provide minutes of all meetings for review at meetings of the Board of Conservators drawing out:
  - i. key issues including risks of which Board of Conservators need to be aware;
  - ii. decisions that the Board of Conservators are being asked to make, with recommendations from the ARC; and
  - iii. any actions taken by the ARC under delegated authority.

Approved by the Board of Conservators on 14<sup>th</sup> May 2018