

Audit and Risk Assurance Committee

Terms of Reference



CREATIVITY IN THE UK

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Document Control

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1	John Darnbrook	No change	Not applicable
2	John Darnbrook	21 October 2021	Programme Announcement - UNBOXED

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Constitution

1. The Board hereby resolves to establish a Committee of the Board to be known as the Festival UK Ltd Audit and Risk Assurance Committee.

Membership

2. The Committee shall be appointed by the Board. The Committee shall consist of not less than three board members. A quorum shall be three members.
3. The Chair of the Committee shall be appointed by the Board from amongst the Board Directors of the Company.
4. The other members may be Board members or, if ratified by the Board, external appointments.

Attendance at Meetings

5. The Chief Financial Officer, Accounting Officer and representatives of the external auditors and internal auditors shall attend meetings at the invitation of the Committee.
6. The Chair of the Board, Chief Creative Officer and Chief Executive can attend all meetings of the Committee. Other Board members shall attend by invitation of the Committee.
7. There should be at least one meeting a year, or part thereof, where the external auditors attend without executive management present.
8. There should be at least one meeting a year, or part thereof, where the internal auditors attend without executive management present.
9. Festival UK Ltd shall provide secretarial support to the Committee.

Frequency of Meetings

10. Meetings shall be held not less than four times each financial year, to coincide with key dates in the Company's financial reporting cycle.
11. External auditors may request a meeting normally through the Chair of the Committee if they consider that one is necessary to consider urgent issues.

Reporting

12. The Audit and Risk Assurance Committee will formally report in writing to the Board and Accounting Officer after each meeting.
13. The Audit and Risk Assurance Committee will provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

Authority

14. The Committee is authorised by the Board to:
- (i) investigate any activity within its terms of reference;
 - (ii) seek any information that it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Committee;
 - (iii) obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

Duties - Audit

15. A representative from Internal Audit and External Audit will have free confidential access to the Chair of the Audit and Risk Assurance Committee.
16. The duties of the Committee shall be to:
- (i) 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;
 - (ii) review the external auditor's management letter and management's response;
 - (iii) review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
 - (iv) consider management's response to internal audit recommendations made either through the internal audit function or external auditors.
 - (v) consider and if appropriate ratify the appointment or dismissal of the Internal and External Audit providers;
 - (vi) review the work performed by Internal Audit (and make a comparison with work planned);
 - (vii) as and when appropriate review and report on the co-operation between internal and external audit;
 - (viii) review treasury policy including foreign exchange exposure;
 - (ix) review key financial policies and ensure they are aligned to the complexity of the Company;
 - (x) oversee the management's implementation of systems for financial control, financial reporting and risk management;
 - (xi) review, and challenge where necessary, the actions and judgements of management, in relation to the annual financial statements before submission

to the auditors and Board, paying particular attention to:

- a. critical accounting policies and practices, and any changes in them
 - b. decisions requiring a major element of judgement
 - c. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - d. the clarity of disclosures
 - e. significant adjustments resulting from the audit
 - f. compliance with accounting standards
 - g. compliance with the relevant elements of the Grant Agreement with the Department for Digital, Culture, Media and Sport
 - h. Review of the Governance Statement
 - i. compliance with all statutory requirements and other requirements of regulatory bodies in relation to financial accounting and reporting
 - j. Management's Letter of Representation
 - k. review the Company's statement on internal control systems prior to endorsement by the Board;
 - l. review the policies and process for identifying and assessing business risks and the management of those risks by the Company;
- (xii) receive reports from management on any circumstances regarding significant fraud, misappropriation of assets or unethical behaviour which could lead to significant financial loss;
- (xiii) Review reports on the management of major incidents, "near misses" and lessons learned;
- (xiv) consider other topics, as defined by the Board and the Committee;
- (xv) review the financial performance of the Company against the approved budget.

Duties – Risk and Corporate Governance

17. The responsibilities of the Committee shall be to:

- (i) review the risk framework, procedures, policies and governance and identify areas for potential improvement (including the risks in relation to cyber security).
- (ii) review the utilisation of funds for the management of risk across Festival 2022 Ltd and amend strategies as appropriate.
- (iii) review and assess the appropriateness and effectiveness of the Company's systems of non-financial internal controls.
- (iv) consider major findings of any internal investigations and management's responses;
- (v) consider other topics, as referred to from time to time by the Board.

Duties – Fraud

The ARAC will advise on anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

Reporting Procedures

18. The secretariat will be responsible for timely circulation of the minutes of meetings of the Committee to all members of the Board and the committee.
19. The Committee members shall conduct an annual review of their work.
20. The duties and results of the Committee's activities during the year shall be disclosed in the annual financial statements.

Other

21. The Committee will have access to sufficient resource to carry out its duties and also may co-opt additional members to provide specialist skills, knowledge and experience.
22. The Committee will be provided with appropriate and timely training.