

**FINANCE & AUDIT SUB-COMMITTEE**

Chair: Graham Goss

Consultant, Greenslades Chartered Accountants

Sarah Canning

Partner, Head of Litigation – Franklins LLP

Gerald Couldrake

Company Secretary, Howes Percival Solicitors

Andrew Langley

Managing Director, Juniper Trading

Cllr Bill Parker

Northamptonshire County Council

## **FINANCE AND AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

#### **PURPOSE**

To ensure that NEP's finance and audit procedures and processes are efficiently and effectively managed and comply with the highest standards of propriety and accountability, and the organisation and its Board of Directors are complying with Companies Act 2006.

The Committee will ensure that the internal control systems, including audit activities, of the company are monitored actively, independently and objectively, and are subject to continuous review and development.

The Committee will also act as the pay and remuneration committee for the NEP Board.

#### **RESPONSIBILITIES**

##### **Budgeting**

1. Review with management annual budgets, and make recommendations to the NEP Board on these at the outset of each financial year, and as and when required for budgetary changes outside of the scheme of delegation.
2. Agree with management budget virements not exceeding 25% of budget line headings.
3. Agree the amount of deferred income to be carried over into subsequent financial years.

##### **Financial Management**

4. Monitor performance against budget on a quarterly basis.
5. Develop financial management systems and processes for the agreement of the Board, and monitor the effective implementation of these.
6. Provide advice and guidance to management on exceptional financial management issues.

##### **External Audit**

7. Advise the company on the appointment, remuneration, re-appointment or dismissal of the external auditors, the scope of their work and their other terms of engagement.
8. Consider and advise the company on external audit reports and management letters.
9. Monitor annually or more frequently if necessary, the implementation of approved recommendations relating to external audit reports and management letters.
10. Establish relevant performance measures and indicators and monitor the effectiveness of the external audit service.
11. Discuss with the external auditors before the audit commences the nature and scope of the audit.

##### **Internal Controls**

12. Advise the company on the effectiveness of the company's internal control systems, including controls for securing economy, efficiency and effectiveness.

13. Consider and advise the company on audit issues and management letters.
14. Monitor, at appropriate intervals after finalisation, the implementation of approved recommendations relating to internal audit issues and management letters.
15. Consider and advise the company on the audit needs assessment, and strategic and short term audit plans for internal audit activity.
16. Discuss problems and reservations arising from the audit findings and any matters which the auditors may wish to discuss (in the absence of management where necessary).

### **General**

17. Regularly review the effectiveness of IT systems and processes and confirm that these are fit for purpose.
18. Ensure that an effective business contingency plan is in place and that this operates effectively, if tested.
19. Ensure that legislative compliant Health and Safety policies are in place and that the organisation complies with these.
20. Review the effectiveness of the system for monitoring compliance with laws, policies and regulations
21. Oversee and monitor NEP's third party insurance arrangements, ensuring that these are appropriate to the nature and scope of the business.
22. Receive, and advise the company on any relevant reports from public sector auditors, in particular those associated with funding streams.
23. Consider and, if appropriate, investigate, or commission investigations into, any complaints relating to alleged fraud or other financial irregularity or malpractice in the company.
24. Produce an annual report to the company which includes its advice on the effectiveness of the company's system of internal control and any matters of significance which have been reported by the external auditors.

### **MEMBERSHIP**

The Finance and Audit Committee will consist of:

- Gerald Couldrake, Acting as Company Secretary
- Graham Goss, Board Member
- Andrew Langley, Board Member
- Jo Lappin, Chief Executive, NEP
- Cllr Bill Parker, Northamptonshire County Council (Accountable Body)
- Sarah Canning
- One additional Board members

At least one member will have experience of audit and controls in a business.

The Head of Finance will act as Clerk to the Committee.

### ***Appointment Period***

Each elected member to serve for a period of three years. Members standing down may offer themselves for re-election.

### ***Chair of Audit Committee***

A Chair will be appointed from amongst their number by the Audit Committee members. The periods of office shall normally be three years, and the current incumbents may offer themselves for re-election if continuing as members of the Audit Committee. The Chair of the Committee shall have the authority to act on behalf of the Committee when it so authorises, the Chair to report back to the Committee on any such action at its next meeting.

## **MEETINGS**

Meetings shall be held as necessary throughout the year and as appropriate to coincide with the audit and reporting cycles. The dates selected should allow consideration about the audit assessment and short and long term plans, [any internal audit reports] and the external audit management letter.

A quorum for a meeting shall be any 4 of the 7 members.

The Clerk to the Committee shall circulate minutes of the meetings of the Committee to the Board of Directors.

## **ACCOUNTABILITY**

The Audit Committee is a sub-committee of Northamptonshire Enterprise Partnership and as such its actions are open to scrutiny and approval by the Board of Directors. The delegation of functions does not absolve the Board of Directors from accountability for the conduct and decisions of its committees. The Board of Directors remains responsible for the proper conduct of the company for undertaking its duties and for complying with the other legislation to which it is subject.