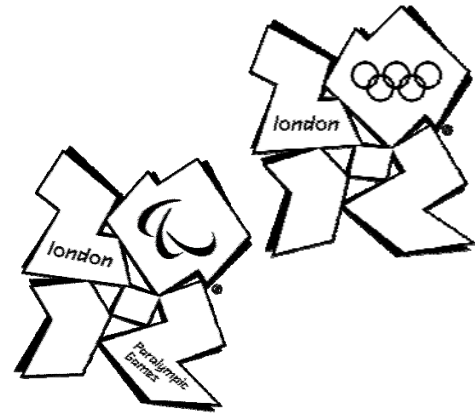


# ODA Audit Committee

## Standing Orders and Terms of Reference



### Constitution and Membership

1. The Audit Committee shall be constituted, and its membership determined, by Resolution of the Board who shall appoint the Chairman of the Committee (“the Chairman”). The Committee shall comprise Members of the Board. In accordance with Cabinet Office Guidance on Codes of Practice for Board members of Public Bodies, the Chairman of the ODA cannot chair the Audit Committee.
2. At a Meeting of the Board on 22 January 2009, it was resolved that the Members of the Audit Committee be Sir Roy McNulty, Barry Camfield, Neale Coleman, David Fison, Christopher Garnett and Kumar Muthalagappan. This list would be amended from time to time to reflect changes to the composition of the Audit Committee.
3. The Audit Committee will be chaired by Sir Roy McNulty.
4. The Audit Committee will be provided with a secretarial function by the Board Secretary.

### Meetings

5. The Committee shall meet at least four times a year at such times and places as the Board or Committee shall from time to time determine.
6. The Chairman may convene or request the Secretary to convene a Meeting at any time.
7. If at any time the external auditors or the Head of Risk & Audit shall request a meeting with the Committee (whether with or without any other Directors present), the Committee shall arrange such a Meeting as soon as reasonably practical.

8. At a Meeting, the Chairman shall preside. If the Chairman is absent, the Committee Members in attendance shall choose one of their number to preside as deputy Chairman.
9. The quorum for Meetings shall be 3 Committee Members.
10. The provisions of Paragraph 28 of Standing Order 1 shall apply to Meetings and proceedings of the Audit Committee.
11. The Director of Finance & Corporate Services and Head of Risk & Audit shall attend all Meetings and the Chief Executive, as Accounting Officer, together with the external auditors, shall be invited to attend Meetings. Board Members who are not members of the Committee shall be entitled to attend, but not vote at, Meetings of the Committee. Other Officers may attend Meetings at the direction or invitation of the Chairman. The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open & frank discussion of particular matters.
12. At least once a year, the Committee shall meet jointly or separately with the external auditors and the Head of Risk & Audit without any Executive Directors or other Management representatives present. The Head of Risk & Audit and the representative of external audit will have free & confidential access to the Chairman of the Audit Committee.

### **Authority**

13. The Audit Committee is a Committee of the Board and is authorised by the Board to investigate any activity within these Terms of Reference and to seek any information it requires from Staff, who are directed to cooperate with the Committee in the conduct of its enquiries.
14. The Committee is authorised by the Board to obtain, at the ODA's expense and on such terms as the Committee may think fit, outside legal or other independent professional advice and secure the attendance at its Meetings of outsiders with relevant experience and expertise if it considers this necessary, but such persons shall not be Members of the Committee.

### **Terms of Reference**

15. The Committee has three prime functions:
  - a) to assist the Board in discharging its duty for ensuring the adequacy and effectiveness of risk management, internal control and governance (including but not limited to financial control and legal compliance);
  - b) to assist the Board in discharging its duty to ensure that the Annual Report and Accounts comply with any statutory and administrative requirements; and

- c) to assist the Board in ensuring that the ODA meets the highest standards of propriety and accountability for the use of public funds.

## **Duties**

16. The Audit Committee shall have the following duties:

- a) to review and approve the Risk & Audit Work Programme and changes thereto, and to review the outcome of the Risk & Audit Work Programme;
- b) to oversee the development, implementation and maintenance of the overall risk management framework and its risk strategy and policies to ensure they are in line with corporate governance and industry best practice;
- c) to review the developmental and commercial strategies for major projects and development programmes;
- d) to review the Annual Report and Accounts; including review of management responses to the annual management letter, and to make recommendations to the Board as appropriate;
- e) to review any issues arising from the Comptroller and Auditor General, Public Accounts Committee or Parliament in respect of financial statements or internal control matters and management's response thereto, and advise the Board where appropriate. The Committee will also review reports prepared by external stakeholders in so far as they impact on governance and internal control, and review the appropriateness of the implementation of report recommendations;
- f) to monitor relationships with key external stakeholders, including external auditors;
- g) to review any issues arising from procedures for handling prevention, detection and reporting of fraud, and allegations from whistleblowers;
- h) to review the operation of the Code of Practice for Board Members and the Code of Conduct for Staff;
- i) to consider issues related to legal compliance and any litigation matters reported by the Head of Legal on a six monthly basis (or earlier where pertinent);
- j) to commission special investigations on matters of particular concern relating to risk management, internal control and governance;
- k) to consider any other matters where requested to do so by the Board;

- l) to review the appropriateness of resourcing and performance of the Risk & Audit function to ensure that it meets, or exceeds, the standards specified in the Government Internal Audit Manual, agreed levels of service and best professional practice. The Committee will also review the appointment, resignation and dismissal of the Head of Risk & Audit; and
- m) to report at least twice in each year to the Board on the discharge of the above duties.
- n) to review the governance over the implementation of significant new systems; and
- o) to review any tax matters involving uncertainty.

### **Amendment**

17. The above Terms of Reference may be altered and amended from time to time by express Resolution of the Board, of which notice shall have been given in the Meeting notice at which they are proposed.