

**C&IoS LEP Company (registered number: 07471437)  
Audit and Assurance Committee**

**Terms of Reference**

**1. Duties**

The Committee should carry out the duties below as appropriate.

**1.1 Finance Reporting**

1.1.1 The Committee shall monitor the integrity of the financial statements of the company, including its annual report and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.

1.1.2 The Committee shall review and challenge where necessary:

- a. the consistency of, and any changes to, accounting policies on a year-on-year basis;
- b. the methods used to account for significant or unusual transactions where different approaches are possible;
- c. whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- d. the clarity of disclosure in the company's financial reports and the context in which statements are made.

**1.2 Internal Controls and Risk Management Systems**

The Committee shall:

- 1.2.1 Keep under review the effectiveness of the company's internal controls and risk management systems.
- 1.2.2 Monitor the risk register maintained by management; and
- 1.2.3 Review and approve the statements to be included in the annual report concerning internal controls and risk management.

**1.3 External Audit**

The Committee shall:

- 1.3.1 Consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new

external auditors and if an external auditor resign the Committee shall investigate the issues leading to this and decide whether any action is required;

1.3.2 Oversee the relationship with the external auditor including (but not limited to):

- a. Approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable adequate work to be conducted.
- b. Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- c. Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business).

1.3.3 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

- a. A discussion of any major issues which arose during the audit.
- b. Any accounting and audit adjustments; and
- c. Levels of errors identified during the audit.

The Committee shall review the effectiveness of the audit.

1.4 LEP Assurance Framework.

1.4.1 The Committee shall be responsible for overseeing and reviewing the LEP's agreed Assurance Framework in accordance with the Department for Business, Energy and Industrial Strategy guidance. The Committee shall also ensure it meets wider the business requirements of the Company.

1.4.2 The Committee shall also have sight of Cornwall Council's annual audit report as assurance that Cornwall Council is performing their Accountable Body status role.

1.5 Other Matters

The Committee shall:

- a. Have access to sufficient resources in order to carry out its duties.
- b. At least once a year review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **2. Reporting Responsibilities**

2.1 The Committee Chairman shall report formally to the LEP Board on its proceedings after each meeting on all matters within its duties and responsibilities.

2.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is

needed.

### **3. Membership**

- 3.1 Members of the Committee shall be appointed by the LEP Board, on the recommendation of the LEP Nominations Committee in consultation with the Chairman of the Audit and Assurance Committee. The Committee shall be made up of at least three members.
- 3.2 All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.
- 3.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Chairman of the Board and the Chief Executive, may be invited to attend all or part of any meeting as and when appropriate.
- 3.4 Appointments to the Committee shall be for a period of up to three years, which may be extended.
- 3.5 In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

### **4. Whistleblowing and Fraud**

The Committee shall:

- 4.1 Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- 4.2 Review the Company's procedures for detecting fraud.

### **5. Secretary**

- 5.1 A member of the Cornwall and Isles of Scilly Local Enterprise Partnership Executive Team shall act as the secretary of the Committee.

### **6. Quorum**

- 6.1 The quorum necessary for the transaction of business shall be two members. The required directors meetings either in person or by telephone will constitute a quorum.
- 6.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **7. Frequency of Meetings**

- 7.1 The Committee shall meet at least twice each year at appropriate times in the

reporting and audit cycle and otherwise as required.

## **8. Notice of Meetings**

- 8.1 Meetings of the Committee shall be arranged by the secretary of the Committee at the request of any of its members or at the request of the external or internal auditor if they consider it necessary.
- 8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and other person required to attend, no later than 3 working days before the date of the meeting.

## **9. Minutes of the Meetings**

- 9.1 The secretary shall minute the proceedings and resolutions of all Committee meeting, including recording the names of those present and in attendance.
- 9.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 9.3 Minutes of the Committee shall be circulated promptly to all members of the Committee and once agreed, to all members of the LEP Board.