

Jigsaw

Terms of Reference for the Audit & Risk Subcommittee

Objective:

The Audit & Risk Committee (Subcommittee) is a committee of the Board of Directors whose principal objective is to provide strategic guidance and oversight on matters related to organisational risk, internal audit, external audit of the financial statements, and any other external audits and reports. The Committee is responsible for the following key areas of governance:

Responsibilities:

- Risk Management:
 - The Subcommittee shall conduct regular reviews of organisational risk, including oversight of the implementation of risk management policies and procedures by the executive team.
 - The Subcommittee shall review financial risk as relevant to the audited annual accounts and shall provide recommendations for improvement in the organisation's risk management framework.
- Internal Audit:
 - The Subcommittee shall oversee the internal audit function and shall appoint, evaluate and monitor the performance of the internal auditor.
 - The Subcommittee shall review the annual internal audit program and shall review and approve the internal audit reports.
 - The Subcommittee shall monitor the implementation of recommendations resulting from audit findings.
- External Audit:
 - The Subcommittee shall review the annual audited financial statements and shall discuss the management letter from the external auditor.
 - The Subcommittee shall conduct an independent assessment of the external auditor and make recommendations for the appointment or reappointment of the external auditor.
 - The Subcommittee shall collaborate with the external auditor to identify areas for improvement and shall monitor the implementation of recommendations for improvement.
 - Meet the external auditor, at least annually in line with the audited accounts, without the Executive present.
 - The Subcommittee shall recommend the level of remuneration for the external auditor for Board approval.
- Other External Financial Audits:
 - The Subcommittee shall review and discuss reports from other external auditors (normally funders) and shall recommend actions to be taken as a result of findings.
 - Monitors implementation of improvements agreed in response to external audit recommendations.

- Provide an independent and objective review of the process relating to Jigsaw's management of financial risk, prevention of corruption and waste and the system of internal controls.
- Governance and Control:
 - The Subcommittee shall provide an independent and objective review of the organisation's management of financial risk, prevention of corruption and waste, and the system of internal controls.
 - The Subcommittee shall ensure that the organisation is in compliance with all laws, regulations, and professional standards that are relevant to the objectives of the subcommittee.

Membership:

Membership of the committee shall include at least two members of the Board of Directors, with at least one member having relevant financial expertise, qualifications, or experience. The committee shall have at least one external member.

In line with best practice the Board Chair can be present but is not a member of this Subcommittee.

The Chairman of the Finance Subcommittee shall be invited to attend the meetings of the Subcommittee. The CEO and the Director of Finance and Operations shall attend the meetings of the Subcommittee in an advisory capacity. Youth Advisory Panel members may be requested to be in attendance.

The Subcommittee shall appoint a Secretary, who shall be a non-executive staff member and shall assist the Committee in the performance of its functions. There will be a clear definition of the roles and responsibilities of the staff member acting as the secretary for the subcommittee, including their responsibilities for preparing and distributing minutes and other documentation.

The Jigsaw Board from among their members shall fill casual vacancies occurring in membership of this committee. The Board will also consider proposals in relation to the replacement of external members.

Frequency of Meetings and Quorum:

The Subcommittee shall meet not less than three times per year or more frequently if the business requiring its attention should so dictate. A quorum at each meeting shall be two members, one of whom must be a Board member.

Reporting to the Board:

The chair of the Subcommittee should report to the board on the activities of the Subcommittee at each board meeting. The Subcommittee will present verbal and/or written reports to the Board.

The Subcommittee meetings will be minuted and these minutes will be circulated to the Board.

The Subcommittee's work should be fully and accurately reflected on the Board's agenda and minutes.

Authority:

The Audit & Risk subcommittee has the authority to seek any information it requires from the organisation's management, employees, and external advisors in order to fulfil its duties.

The Subcommittee may also engage external advisors to assist in its work, subject to the approval of the board.

Review:

The Subcommittee shall conduct an annual self-review of its performance and effectiveness and shall provide a report to the Board with recommendations for improvement. The Subcommittee shall review its terms of reference at least once a year.

The Subcommittee will have a clear procedure for managing conflicts of interest among Subcommittee members and ensuring that any potential conflicts are identified and disclosed.

Communication:

Establish clear communication and reporting procedures between the Subcommittee and the rest of the board, which should be in line with the regular reporting schedule, to ensure that the board is kept informed of the Subcommittee's activities and recommendations.

The Subcommittee shall have a clear policy on how risks are identified, evaluated, and managed.

Terms of Reference to be reviewed no later than: March 2025

Reviewed by the Audit and Risk Subcommittee on: 6th December 2023

Approved by the Board on: 26th March 2024