

AUDIT COMMITTEE: TERMS OF REFERENCE

Membership

1. Membership of the Committee comprises:
 - a) Two non executive Members of the Council who are not the Chairman of the Council and at least one of whom has experience of financial matters and will chair the Committee; and
 - b) Two or more reporting or non-executive Members of the Competition Commission (CC), who are nominated by the Chairman of the CC.
2. The Chief Executive in his/her role as Accounting Officer, the Director of Corporate Services, and the Head of Finance will also normally attend all or part of the Committee's meetings, as will the representatives of the NAO and Internal Audit and the secretary to the Committee.
3. A representative from the CC's Internal Audit Service will fulfil the role of the Head of Internal Audit, which is also known as the Chief Audit Executive, on behalf of the CC.

Appointments

4. Members of the Audit Committee are appointed by the Chairman of the CC.

Reporting to Council

5. The Audit Committee formally reports to the CC's Council. The Audit Committee will report to the Council at least once a year on its activities and recommendations and on an exceptions basis through the Chair of the Audit Committee. Additionally the minutes of each Committee meeting will be circulated to all Members of the Council.
6. The Committee can also provide advice to the Chief Executive or the Department of Business, Innovation and Skills (BIS) if required.

Meetings

7. The Audit Committee will meet at least four times a year and at such other times as necessary.
8. The external or internal auditors may request a meeting if they consider one necessary.

Audit Committee responsibilities

9. The Audit Committee has the following responsibilities:
 - a. Advising the Accounting Officer and the Council on the adequacy of audit arrangements (internal and external), including the appointment of internal audit and on the implications of assurances provided in respect of corporate governance, risk and control in the organisation.
 - b. Assessing the framework for internal control and risk management within the Commission.
 - c. Reporting to the Council on all matters within the Committee's remit and on the discharge of the Council's duties, including a review of the Audit Committee's own performance.
 - d. Offering advice to the Accounting Officer on the truth and fairness of the CC's financial statements and reports before publication to ensure inter alia that they reflect best practice (including advising on accounting standards and best practice in relation to the publication of the CC's Accounts).
 - e. Approving the long-term strategic plan for internal audit and the related annual operational plans.
 - f. Reviewing internal audit reports, the arrangements for their implementation and actual implementation of any accepted recommendations. (Requests for work and reports received from internal audit will be channelled through the Accounting Officer).
 - g. Considering all reports by the external auditors including reports on the CC's accounts and the responses to any management letter.
 - h. Reviewing the performance of internal and external audit.
 - i. Advising the Accounting Officer on the preparation of the Statement of Internal Control.
 - j. Investigating such other matters relating to internal control and risk management as may be put to it by the Council or the Accounting Officer or as it determines.
 - k. Reviewing "whistle-blowing" and any other arrangements by which CC members or staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with a view to ensuring that they provide for proportionate and independent investigation and appropriate follow up action.
 - l. Making recommendations to the Council on the Committee's training needs.

Procedures

10. The Committee shall be considered quorate when two Members of the Committee are present including the Chairman of the meeting.

11. In exceptional circumstances the Chairman of the Committee may make an interim decision and then retrospectively seek ratification by other Members of the Committee as necessary and as soon as practical, by telephone if necessary.
13. If the Chairman is unable to attend a meeting and the meeting can not practically be rearranged, the second non executive Member of the Council shall chair the meeting.
14. The Chairman (and any person acting as Chairman) is to have a casting vote on any question being decided by Audit Committee.
15. The Accounting Officer of the CC has responsibility for safeguarding and ensuring propriety and regularity in the handling of the public funds for which he or she has charge and for the day-to-day operations and management of the CC. Therefore the responsibilities of the Audit Committee overlap with those of the Accounting Officer. It is envisaged that he or she will normally attend all meetings of the Audit Committee, unless, exceptionally, his or her own performance is being discussed.
16. The Audit Committee may also ask any or all of those who normally attend but who are not Members to withdraw to facilitate open and frank discussion of particular matters.
17. If the Chairman of the Audit Committee needs to supplement the skills of the Audit Committee by providing specialist skills or expertise, following discussions with the Chairman of the Council, he/she can consult Members of the CC (who are not currently Members of the Audit Committee) as required and/or seek specialist advice from an external advisor for a specified matter.
18. Before each meeting and upon receipt of the agenda and papers, Members of the Audit Committee must consider whether there is any potential for a conflict of interest. Detailed guidance on conflicts of interest can be found in Annex A.
19. The Chairman of the Audit Committee or the Committee may also choose to meet internal or external auditors without the presence of attendees including the Chief Executive. Likewise the CC's internal or external auditors may request to meet the Chairman of the Audit Committee or the Committee without the presence of attendees including the Chief Executive.

Conflicts of interest

1. Members of the Audit Committee will:
 - have regard to the policy of the CC on conflicts of interest, which can be found in the guidance on outside interests (*CC Guidance on outside interests*) on the CC website;
 - review before each meeting whether there are any interests which may conflict with their duties as members of the Audit Committee and if so disclose them to the secretary of the Audit Committee and, where appropriate, the CC planning team;
 - be asked by the Chair of the Audit Committee at each meeting to confirm they have carried out such a review and made such disclosure;
 - not participate in any activity of the Audit Committee in relation to which they believe they have a conflict or possible conflict of interest without the consent of the Chair of Audit Committee.