

COMPANIES HOUSE AUDIT COMMITTEE TERMS OF REFERENCE

An Executive Agency of the Department for Business Innovation and Skills (BIS)

1. Introduction

Companies House Steering Board has established the Audit Committee as a sub-committee, to assist and advise the Accounting Officer on audit, corporate governance, risk management and internal control issues across the business. The Committee supports the Board and Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs, and reviews the reliability and integrity of this assurance. The Committee acts in a non-executive advisory capacity.

2. Membership

Members of the Audit Committee comprises of three Non-Executive Board Members of the Companies House Steering Board. The Committee is properly constituted when two or more of the Non-Executive Board Members are in attendance. All members of the committee are appointed by Companies House under the principles of the Public Appointments Notice. A list of the current committee members are shown in the Annex to these Terms of Reference.

The Audit Committee will be provided with a secretariat function by the Secretariat Team within Companies House.

3. Reporting

3.1 The Committee will promote confidence in the system of internal control by bringing an independent element and guidance on financial and other internal controls.

3.2 It will provide an objective assessment of year-end financial statements and related reports and provide advice to the Accounting Officer with respect to the approval of the statements.

3.3 The Audit Committee reports its activities and findings to the Steering Board as appropriate. Minutes will be sent to all Steering Board members after each meeting and an oral report will be provided at each Steering Board meeting.

4. Responsibilities

4.1 To assist the Accounting Officer in carrying out his audit, internal control and corporate governance obligations, by providing a forum for discussion of internal and external audit related matters.

4.2 To contribute independent guidance on financial management and control and to monitor and advise on measures undertaken to manage these in accordance with best practice.

- 4.3 To provide independent guidance and assurance to the Accounting Officer on the organisation's capacity and effectiveness to manage risk as measured against best practice; and to keep a watching brief of the movement of risk through the quarterly review of the organisation's key risks.
- 4.4 To receive reports from Internal Audit (and other assurance-providing services) and advise on the adequacy of management's response to issues identified by audit activity from time to time.
- 4.5 To advise and review the form and content of the annual financial statements.
- 4.6 Audit Committee Chairman (or if not available another member of the Audit Committee) to chair the final Corporate Governance Submission sign off meeting in March on an annual basis.
- 4.7 To review and agree the content of the Statement of Internal Control.
- 4.8 To act as a central reference point and pro-actively steer internal audit, external audit, and the National Audit Office.
- 4.9 To meet internal and external auditors independently if considered appropriate.
- 4.10 To review the committee's own performance on a regular basis adhering to good practice procedures.
- 4.11 To review the committee's Terms of Reference on an annual basis.
- 4.12 To review anti-fraud policies, whistle-blowing processes and arrangements for special investigations.
- 4.13 Agree the Internal Audit Plan annually.

5. Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Audit Committee.

6. Meetings

- 6.1 There will be a minimum of three separate meetings, but normally four meetings are held during each financial year. Such meetings may be held in Cardiff, Edinburgh or Belfast, dependent on the most convenient and cost-effective location.
- 6.2 Companies House will meet reasonable travel costs for the Non-Executive Board Members.
- 6.3 A minimum of two of the three permanent members will be present for any meetings to be deemed a quorum.
- 6.4 The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.
- 6.5 The Audit Committee may 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.

- 6.6** The Board or the Accounting Officer may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- 6.7** Each meeting will be minuted. Minutes will be produced and circulated for comment and agreement within ten working days of each meeting and thereafter circulated to the Steering Board. These minutes will also be published on the Companies House intranet site for all staff to view, if they so wish.
- 7. Information Requirements**
The core agenda items are given in the attached Rolling Programme.

Companies House
January 2011

Annex to Audit Committee Terms of Reference

The Audit Committee will be chaired by:

Peter Wyman

Other non-executive current non-executive members of the committee are:

Nicki Alberry

Sheila Doyle

The following individuals may attend meetings by invitation:

Gareth Jones, Chief Executive and Accounting Officer for the Agency

Mike Nash, Director of Finance

Jon Whitfield, Head of Internal Audit,

Director, NAO and Audit Engagement Principal

Others as appropriate to provide specialist skills, knowledge and experience

AUDIT COMMITTEE ROLLING PROGRAMME 2011

Regular agenda items	<p>Internal Audit Work Programme</p> <ul style="list-style-type: none"> • Progress update • Specific issues/reviews • Review of programme <p>Risk Register, risk management and attention to high level risks Independence of members Information Asset Management (every September) Annual Review of Fees (every December)</p>
Regular items for information	<p>External Audit Plan Rolling Programme</p>
Date of meeting	Other topics for discussion
Wednesday 2 March 2011 Cardiff	<p>Arrangements for Preparation of Accounts Internal Audit Proposed Program of Work Report on External Audit Strategy Financial Systems Risk High Level Risk Assurance on Fraud</p>
May 2011 Ex-Committee	<p>Annual Report and Accounts Recommendation to Accounting Officer</p> <ul style="list-style-type: none"> • Annual Accounts • Statement on the system of internal control within Companies House • Internal Audit Assurance to the Accounting Officer • Annual Report Text • Review of Accounting Policies
Tuesday 28 June 2011 Cardiff	<p>To advise Accounting Officer on the final Annual Report and Accounts External Auditor's findings and management letter issues Private meeting to be held between Non-Executive Board Members and Mazars immediately following the main meeting</p>
Tuesday 13 September 2011 Cardiff	<p>Key Risk Item? Information Asset Management?</p>
Wednesday 7 December 2011 Cardiff	<p>External audit plan for 2011 Year end timetable Annual Review of Fees Review of Terms of Reference for the Audit Committee Audit Committee practices and procedures; review of effectiveness (1 hour set aside prior to meeting for members to complete questionnaires, include Andrew Summers in this meeting)</p>

*Key Risk item to be discussed in detail at some meetings