

## Audit and Risk Committee

### Terms of reference and standing orders

#### Terms of Reference

1. The purpose of the Audit and Risk Committee is to provide an independent and objective view of governance and internal control at NICE and to advise the Board accordingly.
2. The Committee's duties and responsibilities are to:
  - Review the adequacy and effectiveness of NICE's corporate governance arrangements, in particular those relating to
    - risk management
    - information governance and security
    - the use of resources and the safeguards against fraud and corruption
    - the raising and investigation of concerns (whistle-blowing).
  - Review the annual report and accounts, together with any accompanying internal audit opinion and external audit opinion, with particular focus on the annual governance statement, consideration of key accounting policies and practices, estimates and judgements and the quality of the year end financial statements, unadjusted mis-statements, major judgemental areas, and significant adjustments arising from the audit.
  - Ensure there is an effective internal audit and external audit function in place which meets mandatory standards and provides independent assurance to the Committee, Chief Executive and the Board.
  - Review the findings of internal and external audit, and review management's responses to recommendations made.
  - Periodically review its own effectiveness and report the results to the Board.
3. To meet these responsibilities, the Committee will:
  - review the risk register each quarter
  - review the standing financial instructions, standing orders, and reservation of powers to the Board and scheme of delegation
  - approve the internal and external audit work plans annually and review performance against those plans
  - consider the appointment and dismissal of the internal auditor within the authority delegated to NICE.

4. The Committee will recommend to the Board approval of NICE's annual report and accounts.
5. The Committee will formally report annually to the Board on the outcome of its work on the effectiveness of NICE's governance and internal control arrangements.
6. In order to meet its duties and responsibilities the Committee is authorised by the Board to:
  - seek any information it requires from any employee
  - obtain outside legal or other independent professional advice
  - invite any non-NICE staff members with relevant experience and expertise to its meetings if it considers this necessary.

## **Standing Orders**

### ***General***

7. These standing orders describe the procedural rules for managing the Committee's work as agreed by the Board. Nothing of these standing orders shall limit compliance with NICE's standing orders so far as they are applicable to this Committee. Committee members shall comply with the Committee's terms of reference, which set out the scope of the Committee's work and its authority.

### ***Membership***

8. The Committee will comprise a minimum of three and a maximum of five non-executive directors of NICE, one of whom will be appointed as Chair of the Committee. The composition of the Committee will be given in NICE's annual report and accounts.
9. The Chair of NICE shall not be a member of the Committee.

### ***Other attendees***

10. Only members of the Committee have the right to attend committee meetings. However, the Chief Executive, Business Planning and Resources Director, internal and external auditors have standing invitations to attend the Committee. Other directors and staff shall be invited at the discretion of the Committee when matters relating to their area of responsibility are being discussed.

### ***Quorum***

11. The quorum is set at three members. No business shall be transacted unless the meeting is quorate.

### ***Voting***

12. The decisions of the Audit and Risk Committee will normally be arrived at by a consensus of those members present. Before a decision to move to a vote is made, the Chair will, in all cases, consider whether continuing the discussion at a subsequent meeting is likely to lead to a consensus.

13. Voting, where required, will be by show of hands and decisions determined by a simple majority of those members present at a quorate meeting.
14. The Chair of the meeting will be included in the vote and in the event of a tie, the Chair will have a second, casting vote.

### ***Arrangements for meetings***

15. All members must make a declaration of any potential conflicts of interest that may require their withdrawal in advance of each meeting.
16. The Audit and Risk Committee shall meet a minimum of four times a year in January, April, September and November. There will be an additional meeting in June solely for the purpose of reviewing the annual report and accounts.
17. The Committee shall meet in private session with the internal and external auditors respectively, to consider matters of internal control or any other matter within its terms of reference.
18. No other business shall be discussed at the meeting except at the discretion of the Chair.

### ***Minutes***

19. The minutes of Audit and Risk Committee meetings shall be formally recorded by the Governance Manager: risk assurance and submitted to the next meeting for approval.
20. The minutes of Audit and Risk Committee meetings shall be submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or that require executive action.
21. Minutes will be published on the NICE website, subject to the redaction of any confidential or otherwise exempt material.

### ***Other matters***

22. The Corporate Office will provide support to the meetings.
23. The internal and external auditors shall have direct access to the Chair.

### ***Interpretation or suspension of standing orders***

24. During the course of a meeting, the Chair of the Audit and Risk Committee shall be the final authority on the interpretation of the standing orders.
25. Except where this would contravene any statutory provision, any one or more of the standing orders may be suspended at any meeting provided that a simple majority of those present and eligible to participate vote in favour of the suspension.
26. Any decision to suspend standing orders will be recorded in the minutes of the meeting and no formal business may be transacted while standing orders are suspended.

## ***Review of terms of reference and standing orders***

27. These terms of reference and standing orders will be reviewed annually. The next review date is April 2019.