GB TAEKWONDO

GBTAEKWONDO.CO.UK
NATIONAL TAEKWONDO CENTRE
TEN ACRES SPORTS COMPLEX
TEN ACRES LANE
MANCHESTER, M40 2SP

SPORT TAEKWONDO UK LIMITED OPERATING AS GB TAEKWONDO
AUDIT & RISK COMMITTEE (ARCOM)

Terms of reference

1. Membership

1.1 The committee shall comprise at least three members, one of whom shall be independent non-executive director and two are co-opted independent members.
1.2 At least one member shall have recent and relevant financial experience with appropriate recognised financial qualifications.
1.3 At least one member shall have recent and relevant risk expertise and knowledge of effective risk management and internal control.
1.4 Members shall as a whole have appropriate knowledge, skills and expertise to fully understand risk appetite, strategy and have relevant risk expertise.
1.5 The committee as a whole shall have competence relevant to the sport and physical activity sector.
1.6 The chair of the board shall not be a member of the committee.
1.7 Members of the committee shall be appointed by the board, on the recommendation of the nomination committee. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided members continue to be independent and provided the criteria for membership of the committee are still met.
1.8 Due to the size of the organisation, the Chief Executive Officer and Finance Lead is permitted as members on this Committee as an exceptional circumstance. As the appointment is in an Ex Officio capacity, they may serve on the committee for the duration of their holding the relevant office.
1.9 Only members of the committee have the right to attend committee meetings. However, the external audit lead partner will be invited to attend meetings of the committee on a regular basis, and other individuals may be invited to attend all or part of any meeting as and when appropriate.
1.10 The committee shall be chaired by an independent non-executive director, appointed by the board. In the absence of the committee chair and/or an appointed deputy at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

The Business Support lead shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members.

4. Frequency of meetings

4.1 The committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

4.2 Outside of the formal meeting programme, the committee chair will maintain a dialogue with key individuals involved in the organisation's governance, including the board chair, the chief executive, the finance lead and the external audit lead partner.

5. Notice of meetings

5.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair or any of its members, or at the request of the external audit lead partner or other senior leadership team if they consider it necessary.
5.2 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 any other person required to attend no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.
5.3 If it is anticipated that committee members participating in a meeting will not be in the same place, the notice of the meeting must indicate how it is proposed that they should communicate with each other during the meeting. Members of the committee participate in a meeting when they can communicate to other members any information or opinions they have on a particular item of business. This may be done by telephone, video conference or other virtual means.

6. Minutes of meetings

6.1 The secretary shall minute the proceedings and decisions of all committee meetings, including recording the names of those present and in attendance.
6.2 Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, minutes should be circulated to all other members of the board and the Business Operations lead unless, exceptionally, it would be inappropriate to do so.

7. Engagement with key stakeholders

The committee chair should be available for reasonable engagement with stakeholders to answer any questions on the committee's activities. In addition, the committee chair should seek engagement with key stakeholders on significant matters related to the committee's areas of responsibility.

8. Duties

The committee should have oversight of the company as a whole.

8.1 Financial reporting
8.1.1 The committee shall monitor the integrity of the financial statements of the company, including its annual reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.
8.1.2 In particular, the committee shall review and challenge where necessary.
8.1.2.1 the application of significant accounting policies and any changes to them
8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible.
8.1.2.3 whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements.
8.1.2.4 the clarity and completeness of disclosures in the financial statements and the context in which statements are made.

8.1.2.5 all material information presented with the financial statements, including the annual directors report and governance statements relating to the audit and to risk management.
8.1.3 The committee shall review any other statements requiring board approval which contain financial information first, where to carry out a review prior to board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation.
8.1.4 Where the committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the board.

8.2 Narrative reporting
Where requested by the board, the committee should review the content of the annual directors report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for key stakeholders to assess the organisation's performance, strategy and other matters that is required.

8.3 Internal controls and risk management systems
The committee shall
8.3.1 keep under review the organisation's internal financial controls systems (where applicable) that identify, assess, manage and monitor financial risks, and other internal control and risk management systems.
8.3.2 review and approve the statements to be included in the annual directors' report concerning any internal control, risk management, including the assessment of principal risks and emerging risks, and the viability statement.

8.4 Compliance, speaking up and fraud
The committee shall
8.4.1 Where applicable review the adequacy and security of the organisation's arrangements for its employees, volunteers, contractors and external parties 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
8.4.2 Where applicable review the organisation's procedures for detecting fraud
8.4.3 Where applicable review the organisation's systems and controls for the prevention of bribery and receive reports on non-compliance

8.5 Internal Audit
8.5.1 Oversee, where applicable, any UK Sport and/or Sport England assurance audit check requirements. Ensure any recommendations and/or actions are followed up on as necessary.

8.6 External Audit
The committee shall
8.6.1 consider and make recommendations to the board, in relation to the appointment, re-appointment and removal of the company's external auditor
8.6.2 develop and oversee the selection procedure for the appointment of the audit firm in accordance with regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process
8.6.3 if an external auditor resigns, investigate the issues leading to this and decide whether any action is required
8.6.4 oversee the relationship with the external auditor. In this context the committee shall:
8.6.4.1 approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted
8.6.4.2 approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit

8.6.5 assess annually the external auditor's independence and objectivity, taking into account relevant law, regulation, the Ethical Standard and other professional requirements and the relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services
8.6.6 satisfy itself that there are no relationships between the auditor and the organisation (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity
8.6.7 monitor the auditor's processes for maintaining independence, its compliance with relevant law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff
8.6.8 assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures
8.6.9 evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee
8.6.10 meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage). Including, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit
8.6.11 discuss with the external auditor the factors that could affect audit quality and
review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team
8.6.12 review the findings of the audit with the external auditor. This shall include but not be limited to, the following
8.6.12.1 a discussion of any major issues which arose during the audit
8.6.12.2 the auditor's explanation of how the risks to audit quality were addressed
8.6.12.3 key accounting and audit judgements
8.6.12.4 the auditor's view of their interactions with senior management
8.6.12.5 levels of errors identified during the audit
8.6.13 review any representation letter/s requested by the external auditor before it is/they are signed by management
8.6.14 review the management letter and management's response to the auditor's
findings and recommendations
8.6.15 review the effectiveness of the audit process, including an assessment of the
quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee

8.7 Risk
The duties set out below are those which all risk committees should consider.
8.7.1 Risk appetite, tolerance and strategy set by Board
The committee shall:
8.7.1.1 Review the boards stance on the organisation's overall risk appetite, tolerance and strategy, and the principal and emerging risks the organisation is willing to take in order to achieve its long-term strategic objectives.
The risk committee should seek assurance on the risks the organisation identifies as those to which it may be exposed. The risks will be specific to the organisation's circumstances as per the organisation's risk register.
8.7.1.2 Advise the board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.
8.7.1.3 Advise the board on the risk aspects of proposed changes to strategy and strategic transactions, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on

implications for the risk appetite, tolerance and strategy of the organisation, and taking independent external advice where appropriate and available.

8.7.2 Narrative reporting
The committee shall carry out the following duties to assist the board in fulfilling its reporting responsibilities in the annual directors report.
8.7.2.1 Monitor and review the effectiveness of the organisation's risk management and internal control systems where applicable.
8.7.2.2 Where applicable review the organisation's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the board's assessment of principal and emerging risks.
8.7.2.3 Where applicable review and assess the organisation's risk appetite and associated stress testing.
8.2.4 Evaluate the organisation's principal risks, to be taken into account by the board when assessing the organisation's prospects.
8.7.2.5 Review and approve the statements to be included in the annual directors report concerning internal controls and risk management where applicable.

8.7.3 Internal controls and risk management systems
The committee shall oversee and seek suitable assurance regarding:
8.7.3.1 The risk exposures of the organisation, including risk to the business model, and solvency and liquidity risks.
8.7.3.2 Where applicable the adequacy and effectiveness of the organisation's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems.
8.7.3.3 Where applicable the ability of the organisation's risk management and internal control systems to identify the risks facing the organisation and enable a robust assessment of principal risks.
8.7.3.4 Where applicable the organisation's capability to identify and manage new and emerging risks.
8.7.3.5 Where applicable the effectiveness and relative costs and benefit of particular controls.
8.7.3.6 The effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action is taken when necessary.
8.7.3.7 The organisation's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.
8.7.3.8 Where applicable the appropriateness of the organisation's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels.
8.7.3.9 The Senior Leadership Teams right of direct access to the chair of the board and to the committee.

9. Reporting responsibilities

9.1 The committee chair shall report formally by email to the board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the board on how it has discharged its responsibilities. This email shall include where appropriate:
9.1.1 the significant issues that it considered in relation to the financial statements and how these were addressed
9.1.2 its assessment of the effectiveness of the external audit process the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any re-tendering plans
9.1.3 any other issues on which the board has requested the committee's opinion
9.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The committee shall compile a report on its activities to be included in the annual governance statement. The statement should describe the work of the audit and risk committee, including where appropriate

9.3.1 the significant issues that the committee considered in relation to the financial statements and how these issues were addressed

9.3.2 an explanation of how the committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any re-tendering plans

9.3.3 an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services, having regard to matters communicated to it by the auditor and all other information requirements that may be set in guidance.

9.4 In compiling the annual governance statement, the committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the board's assessment of whether the company is a going concern and the inputs to the board's viability statement.

10. Other matters

The committee shall

10.1 Have access to sufficient resources in order to carry out its duties, including advice and assistance as required.

10.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

10.3 Give due consideration to all relevant laws and regulations, the provisions of the Code for Sports Governance, published guidance and any other applicable rules, as appropriate.

10.4 Be responsible for oversight of the coordination of the internal (where applicable) and external auditors.

10.5 Oversee any investigation of activities which are within its terms of reference.

10.6 Work and liaise as necessary with all other board committees ensuring interaction between committees, taking particular account of the impact of risk management and internal controls being delegated to different committees.

10.7 Ensure that a periodic evaluation of the committee's performance is carried out.

10.8 At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

10.9 Observe the values of the organisation and adhere to the Code of Conduct, meeting behaviour guidelines, disciplinary policy and other documents as appropriate.

11. Authority

The committee is authorised to

11.1 Request the attendance of any employee at a meeting of the committee and/or seek any information it requires from any employee in order to perform its duties including questioning.

11.2 The committee is authorised by the board to seek outside legal or other professional advice on any matters within its terms of reference (at a reasonable expense to the organisation) and subject to liaison with the Board.

11.3 Delegate any matter or matters to another committee or person(s) as it deems appropriate.

11.4 Have the right to publish in the annual report details of any issues that cannot be resolved between the committee and the board. If the board has not accepted the committee's recommendation on the external auditor appointment, re-appointment or removal, the annual report should include a statement explaining the committee's recommendation and the reasons why the board has taken a different position.

12. Review

These terms of reference were approved by the board and are subject to their review and amendment periodically and when necessary.

Date of approval	Date of next review
…….	…….