

Appendix 5: Audit Committee terms of reference

Introduction

1. This document sets out the Terms of Reference for the Audit Committee of the Gambling Commission.

Constitution

2. The Commission will maintain a committee to be known as the Audit Committee.

Purpose

3. The Audit Committee has been established to support the Board of Commissioners (the Board) and Chief Executive (as Accounting Officer) in his/her responsibilities for issues of:
 - control and governance
 - compliance
 - risk
 - associated assurance.

Membership

4. Membership of the Audit Committee shall comprise a minimum of four Commissioners, who shall be appointed by the Board of Commissioners for a three year term.
5. The Board of Commissioners will appoint a Chair of the Audit Committee for a three year term. The Chairman of the Board of Commissioners will not normally be Chair of the Audit Committee.

Meetings and quorum

6. The Audit Committee shall meet regularly at least four times in each financial year. The Chair of the Audit Committee may convene additional meetings when considered necessary.
7. Three members of the Audit Committee will comprise a quorum for decision making purposes.
8. Meetings of the Audit Committee will normally be attended by the Chief Executive (as Accounting Officer), the Director of Finance, the Head of Internal Audit (or equivalent), and a representative of External Audit.
9. The Audit Committee may ask any other officials of the Commission to attend meetings to assist with discussions on any particular matter.
10. The Audit Committee may ask any or all of those who normally attend, but who are not members, to withdraw.
11. The Board, or Chief Executive as Accounting Officer, may ask the Audit Committee to convene additional meetings to discuss particular issues on which he/she wants the Committee's advice.

Access

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

Authority

13. The Board authorises the Audit Committee:
 - to investigate any activity specified as a responsibility of the Audit Committee within the Terms of Reference
 - to seek any information it requires in meeting those responsibilities from management and employees of the Gambling Commission, and to seek independent professional advice if it considers this necessary. (It will be normal practice to channel such requests through the Chief Executive as Accounting Officer).
14. The Audit Committee provides advice to the Board, and the Chief Executive as Accounting Officer. The Audit Committee has no executive powers.
15. The Audit Committee, if it is not satisfied with the response to its advice in matters concerning propriety or regularity, will report its concern(s) to the Chairman of the Board, or Chief Executive as Accounting Officer, as considered appropriate in the circumstances.
16. Nothing in this Terms of Reference shall detract from the authority of the Chief Executive as Accounting Officer.

Reporting

17. The Chair of the Audit Committee will report on matters considered by the Committee at the next meeting of the Board. The Board and Chief Executive as Accounting Officer, shall be provided with minutes of the Committee's proceedings after each meeting.
18. The Audit Committee will make a written report at least annually on its activities to the Board. The Committee's activities will be reported in the Commission's Annual Report.

Responsibilities

19. The Audit Committee will advise and report to the Board, and Chief Executive as Accounting Officer, on:
 - reports it has received on the strategic framework and the adequacy and effectiveness of systems for ensuring internal control, governance, legality and the management of risk
 - the accounts, the accounting policies and other accounting information, the Statement on Internal Control, and the assurances relating to corporate governance and legality contained in the Annual Report, including the process for review of:
 - the accounts prior to submission for external audit
 - the levels of error identified by external audit
 - management's letter of representation to the external auditors
 - the planned activity and results of both internal and external audit, including the quality of service
 - the adequacy of management response to issues identified by audit activity, including the external auditor's management letter and reports prepared by Internal Audit
 - any proposal(s) for the tendering of Internal Audit services, or for the purchase of non-audit services from organisations who provide audit services, where appropriate
 - the arrangements by which the Commission's employees may, in confidence, raise concerns about possible improprieties
 - any other matters at the request of the Board.