

## Public Sector Audit Appointments Limited

### Audit committee terms of reference

The audit committee's terms of reference, as set out in the corporate governance framework approved by the PSAA Board, are:

- i) to oversee the production of the Company's annual accounts and to recommend them to the Board for approval;
- ii) to recommend to the Board the appointment of the Company's external auditors;
- iii) on behalf of the Board, to scrutinise any aspect of the work of the Company against a benchmark of best practice and to report as appropriate. The Committee will review, and challenge where appropriate:
  - a) the Company's financial, accounting, tax and IT policies, practices and processes;
  - b) the Company's internal control systems including policies for addressing fraud and arrangements for internal audit; in particular to appoint the internal auditors, approve their work plan and review their reports and the responses of management;
  - c) the implementation of recommendations from internal and external audit reports;
  - d) the arrangements for controlling and reporting Company expenditure;
  - e) the Company's assessment and management of risk, including failure to comply with laws and regulation;
  - f) the results of the external audit, including the auditor's management letter and the response by management;
- iv) to report annually to the Board on the committee's views of the governance of the Company and on the Committee's own effectiveness;
- v) to review the Company's treasury management and banking policy at least once a year, including the criteria used to define those bodies on the approved lending list;
- vi) to review and recommend any necessary changes to the financial policies and the financial procedures at least once a year;
- vii) to approve any significant changes to insurance cover that increase risk to the Company; and
- viii) to approve any changes to the Company's internal audit arrangements.

The Audit Committee will present the minutes of its meetings to the Board as soon as possible after each Committee meeting. The Audit Committee will make recommendations to the Board as it considers appropriate.

The Chief Officer and Chief Finance Officer will attend Audit Committee meetings.

24 November 2015