

Public Sector Audit Appointments Limited

Audit committee terms of reference

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

- i) to review the Company's annual accounts, specifically to consider whether appropriate accounting policies have been followed, and to recommend them to the Board for approval.
- ii) in respect of external audit:
 - a) to recommend to the Board the appointment of the Company's external auditors;
 - b) to review the results of the external audit, including the auditor's management letter; and
 - c) to monitor the implementation of recommendations and the response by management.
- iii) to consider the effectiveness of the Company's risk management arrangements including reviewing the risk management policy and strategy to recommend to the Board for approval, and to review the corporate risk register at each meeting, seeking assurances that action is being taken on risk-related issues.
- iv) 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 policies and procedures and IT policies, practices and processes;
 - b) the Company's internal control systems, including those which relate to areas that have been outsourced; and
 - c) the arrangements for controlling and reporting Company expenditure.
- v) to keep under review the Company's governance arrangements and consider the framework of assurance to ensure that it adequately addresses the Company's risks and priorities.
- vi) to report annually to the Board on assurances received, significant control issues, the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
- vii) to review annually the Company's treasury management policy, including the criteria used to define those bodies on the approved lending list, and to recommend this to the Board for approval.
- viii) to review annually the corporate governance framework (CGF) and recommend any necessary changes to the Board for approval.

- ix) in respect of internal audit;
 - a) to appoint the internal auditors and to approve any changes to the Company's internal audit arrangements;
 - b) to approve the internal audit work plan; and
 - c) to review internal audit reports and monitor implementation of recommendations and the responses of management.
- x) to review the counter-fraud strategy and recommend to the Board for approval.

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 Executive and Chief Finance Officer will attend Audit Committee meetings.

24 April 2019