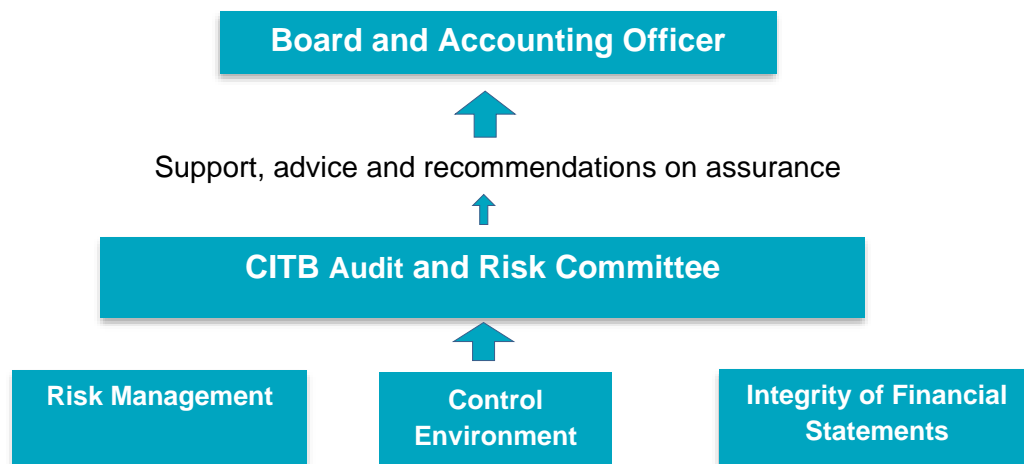


<b>Terms of Reference</b>	<b>CITB AUDIT AND RISK COMMITTEE</b>		
<b>Section I: Committee Identification</b>			
<b>Lead staff member</b>	Head of Audit & Risk	<b>Executive Director</b>	Legal, Governance & Compliance Director
<b>Members: (name, organisation, position)</b>	<ol style="list-style-type: none"> <li>1. Julia Heap - Chair (Board Trustee)</li> <li>2. Hermon Kok (Board Trustee)</li> <li>3. Board Trustee vacancy</li> <li>4. Richard Plumb (Independent Member/Black Swan Internal Audit Services Ltd)</li> <li>5. Lee Jones (Independent Member/Group Senior Business Assurance Manager, Kier Group)</li> </ol>	<p style="text-align: center;"><b>In attendance</b></p> <ul style="list-style-type: none"> <li>+ CITB CEO &amp; Accounting Officer</li> <li>+ CITB Chief Financial Officer</li> <li>+ CITB Finance Director</li> <li>+ CITB Corporate Governance Team representative</li> <li>+ National Audit Office (NAO) representative</li> <li>+ Department for Education (DfE) representative</li> <li>+ Other Invitees as required</li> </ul>	
<b>Start date</b>	September 2024	<b>Performance review date</b>	March 2025
<b>Section II: Authority</b>			
<p>This Committee is established by the CITB Board pursuant to Section 2 (1)(a) of the Industrial Training Act 1982 with delegated authority to exercise any functions and duties described in these Terms of Reference or otherwise act in an advisory capacity.</p>			
<b>Section III: Purpose and Performance</b>			
<b>A. General Purpose</b>			
<ol style="list-style-type: none"> <li>1. Supporting the Board’s strategic leadership, with corporate oversight of performance, risk management and the control environment.</li> <li>2. Reviewing and, as necessary, making recommendations to the Board about matters of performance, risk management and the control environment.</li> <li>3. The Audit and Risk Committee is the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. HM Treasury’s Audit and Risk Assurance Guidelines, National Audit Office (NAO) frameworks and other legislative and regulatory mandates inform the work of the Audit and Risk Committee.</li> </ol>			

## B. Specific Purpose Overview



## C. Specific scope and objectives:

1. The Committee is charged with ensuring that the Board and the Accounting Officer gain the assurance they need on the adequacy and effectiveness of CITB's arrangements for risk management, governance and internal controls. Within this, the Committee has particular engagement with the work of the Internal Audit, risk management, the External Auditor and financial management and reporting issues.
2. In particular, the Audit and Risk Committee will advise and may make recommendations to the Board and Accounting Officer on:
  - The strategic processes for risk, control and governance and the Governance Statement;
  - The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors – to be signed by the CEO;
  - The arrangements for and the effectiveness of internal and external audit provision, including consideration of their reports;
  - Assurances, including from outsourced or shared service providers, relating to the management of risk and corporate governance requirements for the organisation;
  - Key corporate policies, including counter-fraud & bribery, information governance and security, health & safety, reserves, working capital, treasury & investments, whistleblowing, and risk management;
  - Arrangements for special investigations; the Committee Chair will be the nominated Board Member with accountability for Counter Fraud;
  - Health, Safety and Wellbeing across CITB.
  - Consider other topics, as defined by the Board.
3. The Audit and Risk Committee will have delegated authority to take decisions which will subsequently be reported to the Board on:
  - The planned activity and methodology of internal and external audits;
  - Adequacy of management response to issues identified by audit activity, including external audit's management letters;
  - Capital expenditure policy.
4. The Audit and Risk Committee may procure specialist external advice at the expense of the organisation, subject to budgets agreed by the Board.

## **D. Committee performance**

1. The CITB Board is committed to following a performance excellence framework and governance best practice. Accordingly, it will undertake annual evaluation of its own effectiveness (with external facilitation every three years) to learn from experience and share best practice.
2. Adopting a similar approach, the Committee will review its own effectiveness annually, including input from Members, and the Board will review outcomes with Committee Chairs and Board Members.

## **Section IV: Membership and Committee working**

### **A. Composition of Committee, Membership and Appointment**

#### **Composition**

The Committee shall comprise of a maximum of five Members, at least two of whom (including the Chair), are required to be Board Trustees. The number of additional Co-opted Members recruited shall be no greater than one-third of the total membership of the Committee.

#### **Recruitment and Appointment of Chair and Members**

The CITB Board will select three of its number to sit on the Committee, one of whom will be appointed Committee Chair by the Board.

The Independent Members will be recruited and appointed in accordance with the process set out in Schedule A. The Board reserves the right to amend the process set out in the Schedule to best reflect and deliver the objectives of the Committee.

Co-opted Members will be recruited and appointed in accordance with the process set out in Schedule B. The Board reserves the right to amend the process set out in Schedule B to best reflect and deliver the objectives of the Committee.

#### **Board Accountability**

The Committee Terms of Reference, Chair and Member recruitment and terms of appointment are matters for the Board. Whilst the Board will delegate the operation of the recruitment and selection process of Independent Members to a specifically convened Selection Panel, it will retain sole authority to make appointments (based predominantly upon recommendations made by the Selection Panel). Attendance is published in the Annual Report and Accounts.

#### **Membership, Independence, Objectivity and Understanding**

Members of the Committee must put the interests of the Construction Industry first, independent of any affiliation to their own business interests or other associated bodies, being objective in their contributions and decision-making. Members will conduct themselves in line with CITB's Code of Conduct for Board and Committee Members, including making appropriate disclosure of interests.

#### **Skills**

The Committee will have an appropriate mix of skills and experience amongst its Members to allow it to carry out its overall function. Each Member must have a good understanding of CITB's objectives and priorities and of their role as a Committee Member. It is essential that two Members of the Committee have an audit, assurance and/or accounting-financial qualification. Members should have the skills and experience to competently analyse the accounting statements and understand good financial and business management disciplines.

### **Training**

Members should continue to develop their skills and knowledge and to be able to work collaboratively. Members will engage in an annual review of the Committee's effectiveness and of their own contributions.

**Tenure:** Terms of office will be in line with -

- Trustee Members – the remaining period of their tenure as Trustees, unless directed otherwise by the Board
- Independent Members – up to four years, renewable for up to another four years at the invitation of the Board
- Co-opted Members – up to one year

## **B. Committee working and meeting arrangements**

### **Committee working**

1. The Head of Audit & Risk and the representative of External Audit will have free and confidential access to the Chair of the Audit and Risk Committee.
2. Any Independent or Co-opted Member who fails to attend two consecutive meetings, without the permission of the Chair, may be deemed to have resigned and a replacement will be sought by the Committee in conjunction with the Board and the Corporate Governance Team.
3. The use of alternates or proxies to attend meetings on behalf of Committee Members is prohibited.
4. The Committee may ask any other officials of the organisation to attend meetings to assist it with its discussions on any particular matter.
5. The Committee may ask any or all of those who normally attend but who are not Members, to withdraw to facilitate open and frank discussion of particular matters. This will be recorded in the minutes.
6. Members may consult, individually and collectively, with the Chair on any matters of a confidential nature.

### **Meeting arrangements**

7. The Committee will meet not less than four times per accounting year. Additional meetings may be convened by the Chair when deemed necessary.
8. The Board or the Accounting Officer may also ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
9. Meetings will be conducted via a mixture of in-person and remote gatherings, as deemed appropriate by the Chair. In exceptional circumstances, the Chair may give short notice on how the meeting will be conducted. Where meetings are held in-person, Members may, as an exception and with the permission of the Chair, participate in a meeting by means of a conference telephone, video conferencing facility or other similar communicating equipment.
10. The Corporate Governance Team shall provide advice, guidance and administration services to the Committee.
11. 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.

## Section V: Rules of Engagement and Code of Conduct

### A. Decision-Making Methodologies:

1. In line with the remit of the Committee, decisions will normally be arrived at by a consensus of those Members present and in accordance with the authorities laid down by the Board.
2. Where appropriate, decisions can be made by a formal vote. In the case of an equality of votes, the Committee Chair will have a second or casting vote.

### B. Reporting and Accountability:

#### Chair

1. The Chair shall preside at all meetings of the Committee at which he/she shall be present, but if at any meeting the Chair cannot be present within ten minutes of the time appointed start time, another Board Trustee Member shall Chair the meeting.

#### Quorum

2. Meetings will be quorate when two Trustee or Independent Members (to include one Trustee Member) shall be present.
3. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

#### Communication and reporting

4. Terms of reference should be publicly available and the schedule of its agreed delegations from the Board (if any) should be documented in the Board's Scheme of Delegation.
5. The Committee should ensure that it has effective communication with appropriate key stakeholders.
6. Minutes of Committee meetings will be made available to the Board. The Chair may, as appropriate, present an oral summary report of key discussions, decisions and outcomes to appropriate Board meetings.
7. The Committee is accountable to the Board.

### C. Declarations and conflict of interest:

1. Committee Members are required to make an annual declaration of interests in accordance with the CITB Conflict of Interest Policy.
2. During the course of a meeting, if a conflict of interest arises in relation to matters under consideration, dependent upon the nature of the interest, the Member(s) concerned may be asked to withdraw from any discussion that has the potential to be affected by the declared conflict of interest, at the Chair's request, as appropriate. Any declaration of interest will be recorded in the minutes.

### D. Code of Conduct

1. Committee Members and others in attendance at Committee meetings shall be bound by CITB policies relating to information designated as confidential, subject only to the organisation's compliance with statutory obligations.
2. The Chair shall be responsible for ensuring that the business of a meeting is conducted in a courteous and professional manner and shall, taking the advice from the Corporate Governance

Team, have the right to adjourn a meeting or temporarily exclude any individual or individuals whose conduct falls below acceptable standards.

3. Failure to adhere to CITB's Code of Conduct may damage the reputation of the CITB and the Committee; any Member in breach of the Code will be required to resign their membership of the Committee.

#### E. Evaluation

The Corporate Governance Team will support the Board and Committee in undertaking an annual review of the membership, operation and functioning of the Committee, with particular reference to the extent to which the Committee has discharged its roles and responsibilities and has the right skills set to work effectively and collaboratively. Where appropriate the review should make recommendations for improvements. A copy of the review report will be provided to the Board and Committee.

### Section VI: Good Governance

#### 1. Agenda:

There will be a Standing Agenda focused on outcomes and reflective of key strategic themes. The meeting agenda will be produced collaboratively with the Chair, lead staff member and Corporate Governance Team. Committee Members can submit agenda items, through the Corporate Governance Team, up to six weeks ahead of the meeting date, for consideration by the Chair. Any Other Business should be used for emergency items, notifiable to the Chair and Corporate Governance Team in advance of the meeting. Notice of each meeting with the 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.

#### 2. Papers:

Meeting papers will be collated into a meeting pack and sent electronically to Members and other attendees no later than five working days before the respective meeting date.

#### 3. Minutes:

Minutes will include concise summaries of discussions, together with clear records of recommendations, actions and decisions. The proceedings and decisions of all meetings of the Committee, including recording the names of those in attendance, will be recorded and distributed to Committee Members and the CITB Board. Supporting papers and minutes shall be sent digitally, to Committee Members and to other attendees.

#### 4. Terms of Reference (ToR):

The Committee's Terms of Reference will be reviewed annually by the Committee and recommended to the Board for approval.

<b>ToR approved by Board</b>	13 September 2024	<b>Copy sent to Board Secretary</b>	13 September 2024
<b>1. Date for review of TOR /outcomes evaluation within 12 months of inception</b>	August 2025		
<b>2. Board decision on renewal/revision of ToR</b>	September 2025		

## **Schedule A**

### **Recruitment and Appointment of Audit and Risk Committee Independent Members**

1. Expressions of Interest from interested individuals, who have the requisite skills and experience as set out in the Committee's Terms of Reference, may be submitted to the Board Secretary. (It is essential that two Members of the Committee have an audit, assurance and/or accounting-financial qualification. Members should have the skills and experience to competently analyse the accounting statements and understand good financial and business management disciplines.)
2. Expressions of Interest will be considered by a panel comprising of two Board Trustee Members of the Committee (one of whom will be the Committee Chair), CITB's Legal, Governance & Compliance Director, and the CITB's Head of Audit & Risk ('the Panel').
3. Applicants considered by the Panel to satisfy the requisite skills and experience will be selected for interview.
4. Interviews will be conducted by the Committee Chair and one other member of the Panel.
5. At the conclusion of this selection process the Committee Chair will make a recommendation to the CITB Board of Trustees to appoint all successful applicants to the Audit & Risk Committee. Approvals can be given within a Board meeting or via email. Upon Board approval, the Board Secretary will present a formal offer of Committee membership to each successful applicant.
6. Once an Independent Member has completed their four year term, the Committee Chair can make a recommendation to the CITB Board of Trustees to re-appoint the Member for another and final four year term, provided the Member still meets the criteria for membership of the Committee. Approvals can be given within a Board meeting or via email. Upon Board approval, the Board Secretary will present a formal renewal of Committee membership to the continuing Member.

## **Schedule B**

### **Recruitment and Appointment of Audit and Risk Committee Co-opted Members**

At the Committee Chair's discretion (after consultation with existing Committee members) and with their formal approval, additional Members may be co-opted onto the Committee where this will address short-term skills or knowledge gaps. Such Members will be known as Co-opted Members, and they will have full contribution rights at meetings but no voting rights which will only be assigned to Board-appointed Committee Members. The number of Co-opted Committee Members recruited shall be no greater than one-third of the total membership of the Committee.

1. At the Committee Chair's discretion, potential candidates should be considered by the Committee Chair and the Corporate Governance Team.
2. The Committee Chair should consult with the existing Committee Members to agree to Co-opt a specific additional Member to the Committee who satisfies the requisite skills and knowledge.
3. The Board Secretary will present the offer of a Co-opted Member post to the successful candidate. The letter should identify the start and end dates for the tenure of the Membership (no longer than one year) and record the reasons as to why they have been recruited into role (i.e., the skills and knowledge that the Member brings for a particular purpose).
4. If at any point up to the end of the year's tenure the Committee Chair considers the skill(s) or knowledge that the Co-opted Member provides is a longer term need then they can either recommend to the Board that the individual is appointed as an Independent Committee Member if there is a vacancy, or if there is no vacancy then recommend the appointment and seek an increase in Committee membership accordingly.