



AUDIT AND PROBITY COMMITTEE

Terms of Reference

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Introduction

In accordance with the statutes for the Chartered Institute for the Management of Sport and Physical Activity (CIMSPA), the Audit and Probity Committee will exercise powers on behalf of the Institute and the Board of Trustees under the following Terms of Reference.

Purpose

The purpose of the Audit and Probity Committee is to oversee CIMSPA's risk management, ensuring exemplar governance, financial reporting and internal controls can inform CIMSPA's strategic decision-making and that risk is effectively controlled and managed.

The Audit and Probity Committee Terms of Reference are agreed by the CIMSPA Board of Trustees, who delegate authority to the Audit and Probity Committee to undertake work relating to the above. The Audit and Probity Committee have no executive powers other than those specifically delegated in these terms of reference.

Scope

The scope of the Committee includes:

- To provide challenge and scrutiny in the following areas:
 - compliance with relevant audit and regulatory requirements
 - risk identification and management
 - governance practices
 - internal controls and adherence to company policy
 - internal assurance processes
 - external audit
 - financial performance and management, including policies, processes and reporting
- To identify where systems within the above areas are not operating with appropriate effectiveness, and to agree recommendations for improvement.

The scope of the Committee also includes:

- Representing the best interests of the chartered institute

- Conducting duties in accordance with the ‘Nolan Principles’, which are the basis for the ethical standards expected:
 - Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership

Role and Responsibilities

The Audit and Probity Committee’s role is to:

- Promote processes and behaviours which exemplify the Nolan Principles (above) and CIMSPA’s values.
- Monitor the effectiveness of CIMSPA’s governance, risk management and internal controls processes, challenging this effectiveness where appropriate and making recommendations for improvement.
- Ensure that CIMSPA’s internal assurance and external audit processes are fit for purpose and that findings are actioned appropriately.
- Maintain oversight of the organisation’s significant risks and their mitigations (including budgetary risk), ensuring that these risks are identified and managed and that the Board of Trustees receives timely reports, particularly where risk to the organisation’s role and status is considered to be very high.
- Review CIMSPA’s financial performance, satisfying itself that CIMSPA’s long-term financial forecasts and annual budgets are realistic and adhered to, and that the statutory accounts are an accurate reflection of the organisation’s financial situation.
- Monitor CIMSPA’s financial management processes to ensure that they provide sufficient protection for the organisation, including but not limited to the management accounts and the range of policies covering financial matters.
- Provide information and recommendations on the above to the Board of Trustees to allow the Board to fulfil its responsibilities.

The Audit and Probity Committee is responsible to the Board of Trustees for:

Compliance with relevant audit and regulatory requirements

- Scrutinising CIMSPA’s compliance with Charity Commission requirements and ensuring that processes are in place so that all organisational decisions are made within the boundaries of our Charter and Statutes
- Satisfying itself that CIMSPA’s internal assurance processes assess compliance with the range of other regulatory and legal requirements which are relevant to the organisation, for example in the areas of data protection and employment



Risk identification and management

- Ensuring processes are in place to identify significant risks to the organisation and to identify and monitor mitigations.
- Ensuring processes are in place to identify emerging risks and to proactively manage these
- Monitoring and reviewing the corporate risk register and reporting to the Board of Trustees on the efficacy of actions being taken to mitigate significant risk, or on any risks where mitigations are not sufficiently controlling the risk; Ensuring that particular attention is paid to major or high-risk projects.
- Ensuring that the organisation's appetite for risk is agreed and communicated across the organisation, and reviewed periodically, and that risks are managed within this context.
- Carrying out a regular review of the effectiveness of the organisation's approach to risk.

Governance practices

- Monitoring the governance arrangements operating within CIMSPA, particularly across all boards and committees, and making recommendations for changes or improvements in line with current best practice and guidance.
- Ensuring CIMSPA complies with relevant governance codes, including the Code for Sports Governance and the Charity Governance Code.

Internal controls and adherence to company policy

- Reviewing key governance and finance policies on a regular basis (as identified in the Policy Review Schedule) or in light of change to regulatory, compliance or industry standards;
- Reporting annually to the Board of Trustees on the adequacy of controls in place relating to governance, finance and other areas of compliance, with immediate reporting in the event of serious weaknesses in control being identified.
- Monitoring the appropriateness of controls and responses to concerns raised in confidence about alleged improprieties, misconduct or wrongdoing (both financial and non-financial). This includes concerns raised by 'whistleblowing' via CIMSPA's Whistleblowing Policy

Internal assurance

- Monitoring and assessing the role and effectiveness of the internal assurance function in the overall context of the company's risk management system.
- Reviewing and approving the annual internal assurance plan to ensure it is aligned to the key areas of risk within the organisation, and receive regular reports on work carried out.
- Ensuring that appropriate action is taken following any reports produced through the internal assurance process which identify areas for improvement

External audit

- Making recommendations to the Board of Trustees on the appointment, reappointment and removal of external auditors to provide the audit services.
- Undertaking duties relating to the oversight and process review of CIMSPA's financial statements ahead of the external audit, for example ensuring process compliance is achieved and monitoring the integrity of the financial statements

- Meeting with the external auditors at least annually (without management) to discuss matters relating to their remit and any issues or queries arising from the audit
- Reviewing any letters of representation requested by the external auditor, and the going concern self-assessment, before they are signed on behalf of the Board.
- Reviewing the management letter and management responses to the auditors' findings and recommendations (post audit report), ensuring that appropriate action is taken to address findings.
- Reviewing the effectiveness of the audit process, including an assessment of the independence, quality and value of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

Financial performance and management, including policies, processes and reporting

- Budgeting and Financial Performance:
 - Making recommendations to the Board of Trustees for the approval of CIMSPA's annual budgets and long-term financial forecasts; keeping oversight of these and providing challenge where there is significant variation.
- Internal Financial Control and Financial Risk Management:
 - Keeping under review the appropriateness, adequacy and effectiveness of CIMSPA's internal financial controls and financial risk management systems including relevant procedures and policies.
 - Reviewing, and challenging where necessary, the application of significant accounting or other financial policies and any changes to them.
 - Ensuring that major financial / budgetary risks are identified, included in the risk register and managed appropriately.
- Financial Reporting:
 - Reviewing, and challenging where necessary, the actions and judgements of management in relation to the annual financial statements.
 - Reviewing whether the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess CIMSPA's performance.
 - Endorsing the annual report's governance section, trustees' report and financial statements for approval by the Board.
- Reserves and Investments:
 - Reviewing CIMSPA's arrangements in relation to reserves, including its Reserves Policy. Make recommendations to the Board as required.
 - Monitoring and reviewing CIMSPA's arrangements in relation to investments including its Investment Policy. Ensuring that these arrangements are aligned with the CIMSPA's long-term strategic objectives. Making recommendations to the Board as required.
 - Making recommendations to the Board in relation to the appointment, reappointment and removal of the CIMSPA's investment advisors and managers.

Membership

CIMSPA's Board of Trustees aims to ensure that fellow trustees, sub-committee members and CIMSPA's employees are representative of all sections of the society that they serve. CIMSPA welcomes and embraces the different perspectives, backgrounds, and cultures individuals bring to the organisation and is committed to ensuring its operation reflects this, through inclusive practices that positively promote respect, equal opportunities for all and dignity.

The Audit and Probity committee will consist of between five and seven members, including:

- At least two and no more than three independent non-executive board trustees (excluding CIMSPA's Board of Trustees' Chair).
- At least three and no more than five appointed committee members recruited for their recent and appropriate skills, knowledge and experience in finance, governance, audit and/or risk management.
- One of the independent non-executive board trustees will be appointed by the Board of Trustees as Chair of the Audit and Probity Committee.
- At least one member of the committee must have recent and relevant risk expertise who can bring knowledge of effective risk management and internal control.
- At least one member of the committee must have recent and relevant financial experience
- The Deputy Chief Executive Officer will be invited to attend all Audit and Probity Committee meetings in a non-voting capacity and will not be included in the above membership parameters or in any quorum of the committee.
- Other members of CIMSPA's Senior Leadership Team, or other individuals including other staff, trustees or external auditors may be invited by the Chair to attend all or part of any meeting as and when appropriate and necessary.

Tenure and Elapse

CIMSPA's Audit and Probity Committee members are eligible to stand as a Committee member for a term of up to three years. After the first year of the initial term, their position will be reviewed in accordance with the skills matrix, committee composition and committee diversity. At this point, the committee member may continue in their position for a further two years, with annual reviews and CPD governing their tenure to complete their initial three-year term. A maximum of three terms of three years may be served, following this format.

Once a committee member has completed their maximum term, at least four years must elapse before they are eligible to re-stand as a member of the Audit and Probity Committee.

Positions held on the Audit and Probity Committee by Board trustees will be managed in accordance with their tenure and elapse for their Board trustee position. However, should an individual step down from their trustee role before they have served the maximum term on the Audit and Probity Committee, the committee may decide to allow them to remain on the

committee as an Appointed Committee Member, subject to satisfactory performance and an Appointed Committee Member role being vacant.

Quorum

The quorum necessary for the transaction of business shall be three voting members, with a minimum of one independent non-executive Board trustee member and one appointed committee member present.

Decisions of the Committee shall be taken by resolution and recorded in the minutes of the meeting at which such a resolution is passed. Where a consensus cannot be agreed, the Chair may request a vote on a show of hands, in which case each voting Committee Member shall have one vote.

Meetings

The Audit and Probity Committee shall normally meet four times per year, with additional meetings scheduled on a demand led basis. Meetings will normally be held virtually, but may be face-to-face at an appropriate venue or hybrid if required. Where recommendations or action are needed by the Audit and Probity Committee more urgently than would be allowed by consideration at the next meeting, the matter will be dealt with by correspondence (usually electronic).

Committee roles are voluntary, however reasonable expenses will be met should a committee member be unable to find a sponsor to support their attendance.

A minimum of 21 days written notice shall be given to every member of each meeting.

Papers for the Audit and Probity Committee meeting will be circulated not less than five working days before each meeting.

The minutes of each Audit and Probity Committee meeting shall be made available to the committee, at the earliest convenience.

The minutes of each Audit and Probity Committee meeting shall be made available to the Board of Trustees upon request.

The Chair of the Audit and Probity Committee will report to the Board on the committee's duties and responsibilities following each committee meeting

Additional Information

In exceptional circumstances the Audit and Probity Committee may co-opt an individual onto the Audit and Probity Committee to ensure that it has the required skills or experience to meet the needs of the sub-committee, the Board and the wider organisation. Co-opted committee members will still be required to undergo an interview process prior to appointment.

If the Chair of the Audit and Probity Committee is unable to attend or is not present at the start of a meeting, the meeting shall elect a Chair from the remaining members for the duration of the meeting.

Only members of the Audit and Probity Committee have the right to attend committee meetings. However, CIMSPA executive team members may be invited to attend meetings of the committee on a regular basis and other non-members may be invited with the approval of the Chair to attend all or part of any meeting as and when appropriate and necessary.

Outside of the formal meeting programme, the Audit and Probity Committee Chair will maintain a dialogue with key individuals involved in the company's governance and finance, including the Chair of the Board of Trustees, the CEO and Deputy CEO and the Finance Director. .

CIMSPA's staff team will provide secretariat to the Audit and Probity Committee meetings and will record all minutes of meetings, actions, decisions made and changes to policy and procedures on behalf of the Committee. The Chair of the Audit and Probity Committee will review draft documents and approve for circulation to Audit and Probity Committee members and public facing copies (where applicable).

The Audit and Probity Committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to a secretariat for assistance as required.
- 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.
- Give due consideration to laws and regulations, Board of Trustees Terms of Reference, Board Members' Code of Conduct and any other applicable rules as appropriate.
- Arrange for periodic reviews of its own performance, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board of Trustees for approval.

Review

The Audit and Probity Committee Terms of Reference will be reviewed by the Board of Trustees in May 2028 unless changes in policy, governance or other circumstances require a



review prior to this date. They will then be reviewed biennially in accordance with the Board of Trustees' annual plan.

Note: These Terms of Reference were written with reference to the following guidance note:

<https://www.cgi.org.uk/resources/guidance-notes/corporate/terms-of-reference-for-the-audit-committee/>



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