



DORSET

Local Enterprise Partnership

Finance, Audit and Corporate Risk Committee

Terms of Reference

September 2020

1. Purpose

1.1. The Finance, Audit and Corporate Risk Committee (referred to as 'the Committee' hereafter) has been established to have oversight of Dorset Local Enterprise Partnership finances, corporate risk and audit requirements and instruct, review and challenge as appropriate.

2. Objectives

2.1. Advise and make recommendations on any changes to the Best Practice Guidance on LEP Governance & Transparency to inform changes to Dorset LEP's Policies and Procedures.

2.2. Financial oversight:

2.2.1. Receive, review and comment on draft core budget prior to submission to the Board and provide advice and guidance as requested

2.2.2. Recommend the core annual budget to the Board

2.2.3. Receive annual accounts

2.2.4. Receive reports from external bodies related to the business of the committee, approve actions/ action plans and to address issues raised and monitor implementation.

2.3. The Committee shall review and challenge where necessary all material information presented with the financial statements, such as the business review/operating and financial review and the Governance Assurance Statement (insofar as it relates to the audit and risk management).

2.4. Keep under review the adequacy, integrity and effectiveness of the company's internal financial controls and internal control and risk management systems.

2.5. The Committee shall monitor and review the effectiveness of the Dorset LEPs audit function including

2.5.1. review and assess any annual audit plan for the Dorset LEP

2.5.2. review reports from external auditors to the Committee

2.5.3. review the findings of audits; this shall include:

- a discussion of any major issues which arose during the audit
- any accounting and audit judgements
- levels of errors identified during the audit
- the effectiveness of the audit.

2.6. Other Matters:

The Committee will:

- make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- produce regular papers for the Dorset LEP Board
- have sufficient resources to carry out its duties and
 - 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
 - oversee any investigation of activities which are within its terms of reference

- arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

2.9 All business of the Committee will be conducted in accordance with the Company Directors Responsibilities (see Appendix 2) and Nolan Principles of Public Life (see Appendix 3).

3. Status

- 3.1. The Committee is established as Committee to the Dorset LEP Board.
- 3.2. The Committee shall be fully accountable to the Dorset LEP Board.
- 3.3. The Committee has the authority to:
 - Seek any information it requires from any employees of the company in order to perform its duties
 - Obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference
 - To call any employee to be questioned at a meeting of the Committee as and when required
 - oversee any investigation of matters of concern within the Terms of Reference
 - report any unresolved concerns to the Dorset LEP Board.

4. Committee membership

- 4.1. The Committee will consist of up to 4 members.
- 4.2. The Committee will be Chaired by a member of the Board.
- 4.3. The process for selecting representatives shall be determined by the Dorset LEP Board Recruitment Process.

5. Chair

- 5.1. The Chair shall be appointed by the Dorset LEP Board from amongst those Directors of the business sector members and who does not hold an alternative office within the Board and should be voice independent of the appointed officers of the Dorset LEP Board. A Deputy Chair will be elected from the Committee membership and both positions will be subject to a two year term.
- 5.2. Duties of the Chair will include:
 - 5.2.1. Leading the smooth and effective operation of the Committee
 - 5.2.2. To ensure the Secretariat is operating effectively and within its mandate, that budgets are appropriately applied and that proper policies and processes are in place and observed
 - 5.2.3. To ensure timely advice and reporting to the Dorset LEP Board relating to the work of the Committee and any key issues that arise
 - 5.2.4. To undertake activity as required according to the delivery plan and strategy.

6. Representation and attendance

- 6.1. Committee members are expected to attend all meetings over a twelve month period.
- 6.2. Deputies shall not attend Committee meetings.
- 6.3. The quorum necessary for the transaction of the business of the Committee shall be at least three Committee members (including the Chair).
- 6.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair of the Board and Dorset LEP staff may attend all or part of any meeting.
- 6.5. At the request of the Committee, a representative of the Accountable Body shall attend meetings.

7. Decisions

- 7.1. The Committee shall operate on the basis of consensus.
- 7.2. In the event that a consensus cannot be achieved on a matter requiring decision, that decision shall be taken by vote and carried if it is supported by over 50% of those present.
- 7.3. In the event of a tied decision, the Chair of the meeting will cast the deciding vote.
- 7.4. There should be a quorum of three members.
- 7.5. If a decision needs to be made outside of the meeting, decision can be sought via Written Procedure (Appendix 1). In such cases, the Secretariat shall write to each Committee member requesting agreement to a specified course of action. Committee members shall be given no fewer than five working days to respond to the Secretariat.
- 7.6. For a decision to be taken by Written Procedure, the number of members participating and the composition of those members must be as required for a quorate meeting. Over 50% of members responding to the request must indicate agreement to the proposal.
- 7.7. All decisions made by Written Procedure shall be ratified at the next scheduled meeting.

8. Meetings and papers

- 8.1. Committee meetings shall be held approximately every four months, in line with the Dorset LEP Board meeting schedule. A calendar of future meetings will be set for a year at a time although the minimum notice required for a meeting is two weeks, to ensure that all members are afforded the opportunity to attend.
- 8.2. The agenda and papers for meetings shall be approved by the Chair and issued at least five working days in advance of the meeting.
- 8.3. Meeting minutes shall be approved in draft form by the Chair and disseminated to members no later than ten working days following the meeting. Minutes shall remain in draft until approval by the Committee at the next meeting.

8.4. Minutes shall be made publicly available on the Dorset LEP website. Minutes will be redacted were they contain personal information about individuals or commercially sensitive data or for good legal reason.

9. Conflicts of interest

9.1. The Committee shall ensure that all conflicts of interest are fully disclosed.

9.2. The Secretariat shall maintain a Register of Members' Interests and publish these on the Dorset LEP website. Members shall supply information to the Secretariat for inclusion in the register, or a nil return, on joining the Committee, in response to any request for an update and on becoming aware of any new interest. The Secretariat will circulate a request for information about interests annually.

9.3. Should a member's interests change, s/he shall inform the Dorset LEP Secretariat at the earliest opportunity.

9.4. Should an issue be discussed by the Committee which presents a conflict of interest to a member, the member shall declare the conflict of interest, regardless of whether s/he has previously declared the interest in the Register of Members' Interests. Such declarations shall be minuted.

9.5. Members shall not vote or participate in discussions on any issues on which they have registered an interest.

10. Review

10.1 The Committee shall arrange for periodic reviews of its own performance and review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Dorset LEP Board for approval.

Appendix 1

Written Procedure

- A copy of the written resolution must be sent to every member of the Committee together with a statement informing the member how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse.
- A member of the Committee signifies their agreement to a proposed written resolution when the Company receives from him or her an authenticated Document identifying the resolution to which it relates and indicating his or her agreement to the resolution.
- If the Document is sent to the Company in Hard Copy Form, it is authenticated if it bears the member's signature.
- If the Document is sent to the Company by Electronic Means, it is authenticated if it bears the member's signature or if it is from an email Address notified by the member to the Committee for the purposes of receiving Documents or information by Electronic Means.
- A written resolution is passed when the required majority of eligible members have signified their agreement to it.
- A proposed written resolution lapses if it is not passed within 28 days beginning with the circulation date.

Appendix 2

Seven Legal Duties of a Company Director

Extract from <https://companieshouse.blog.gov.uk/2019/02/21/7-duties-of-a-company-director/>

Duty to act within powers

A director of a company must—

- (a) act in accordance with the company's constitution, and
- (b) only exercise powers for the purposes for which they are conferred.

Duty to promote the success of the company

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company.

Duty to exercise independent judgment

Duty to exercise reasonable care, skill and diligence

Duty to avoid conflicts of interest

Duty not to accept benefits from third parties

Duty to declare interest in proposed transaction or arrangement

(1) If a director of a company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he must declare the nature and extent of that interest to the other directors.

Appendix 3

Nolan Principles of Public Life

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.