

**ACTIVE BLACK COUNTRY LIMITED**  
a company limited by guarantee and without a share capital  
Company Number 14537800

**AUDIT, RISK, & COMPLIANCE COMMITTEE**

**Terms of Reference**

**1. Remit**

- a) The Audit, Risk, & Compliance (ARC) Committee is established under the powers committed to the Active Black Country Limited (ABC Ltd) Board of Trustees (the Board) under Article [number] of the Charity's Articles of Association dated [date].
- b) The terms of reference of the ABC Ltd ARC Committee (including any relevant delegated authority) are to be reviewed and approved annually by the Board.
- c) In any instance where there is deemed to be a conflict between the ABC Ltd Articles of Association and these Terms of Reference, the Articles will take precedence.

**2. Scope & Functions**

- a) The key functions of the ABC Ltd ARC Committee are:
  - i) to support the Board to oversee the activities of the Charity at a strategic level with regard to financial and non-financial controls, internal and external audit, regulatory compliance, and risk management matters;
  - ii) to support the Board to exhibit honesty, integrity, and competence in financial matters;
  - iii) to provide reports, recommendations, and advice to the Board on matters and policies of the Charity within the ARC Committee's remit; and
  - iv) to carry out such other functions as are set out in these terms of reference.

**3. Responsibilities**

- a) The ABC Ltd Audit, Risk, & Compliance Committee is to have the following responsibilities (and any other responsibilities which the ABC Ltd Board may allocate to the ARC Committee from time to time) and the delegated authority to carry out the tasks listed:
  - i) to conduct a regular rolling review of all financial and non-financial control, regulatory compliance, and risk-management policies of the Charity, and to recommend such policies to the ABC Ltd Board for approval;
  - ii) to monitor the implementation of all financial and non-financial control, regulatory compliance, and risk management policies, and to provide relevant reports of the Committee's findings to the Board;

- iii) to review the draft annual budget, make recommendations to the ABC Ltd Board for approval, and to monitor quarterly financial performance against the budget;
- iv) to review at least once every three years the appointment, re-appointment, or removal of the Charity's independent external auditors, and to make relevant recommendations to the Board for approval;
- v) to meet with the independent external auditors at least once a year without the executive management of ABC Ltd being present;
- vi) to review the content of the Annual Report & Financial Statements of the Charity, in order to comply with the reporting requirements of the 2021 Code for Sports Governance, the Charities Statement of Recommended Practice (SORP), and the regulatory reporting requirements of the Charity Commission for England & Wales, and to make relevant recommendations to the Board for approval;
- vii) to check that the terms and conditions of award of any Sports Council grant funding, and/or of any other restricted funding, are properly observed;
- viii) to facilitate and review ABC Ltd's responses to any management auditors commissioned by the Sports Councils, and to make relevant recommendations to the Board for approval;
- ix) to consider the impact on the Charity of legislative and/or regulatory changes and to make relevant recommendations to the Board for approval;
- x) to review annually the corporate, operational, internal audit, and controls frameworks of ABC Ltd, in accordance with such assurance requirements as are set out under the 2021 Code for Sports Governance, particularly with regard to:
  - (1) delegation of responsibilities and authority to the Charity's staff;
  - (2) appropriate employee training and qualifications relating to internal control systems; and
  - (3) internal reporting and record-keeping systems;and to ensure that the Charity thereby remains fit for purpose and follows good practice, and to make relevant recommendations to the Board for approval.

#### **4. Membership**

- a) The ABC Ltd ARC Committee is to comprise:
  - i) 3 Committee Members who are independent Trustees of ABC Ltd; and,
  - ii) at the discretion of the ARC Committee, up to 2 Committee Members who are independent and who are not Trustees of ABC Ltd.
- b) In the interests of the appropriate separation of functions, the Chair and the Senior Independent Trustee of ABC Ltd are not eligible to be ARC Committee Members.
- c) The ABC Ltd Board is to appoint one of the ARC Committee's independent Trustee Members, with appropriate skills and experience, to be the Chair of the ARC Committee.

- d) Any independent non-Trustee Committee Members are to be openly recruited, on a skills and experience basis, by the Nominations & Governance Committee and are to meet the definition of "independence" as set out in the 2021 Code for Sport Governance.
- e) The appointments of all ARC Committee Members are subject to approval by the ABC Ltd Board.
- f) All Members of the ARC Committee are to have relevant skills and experience in one or more of the following areas: law, audit, accounting, financial management, risk management, and/or regulatory compliance.
- g) Each ARC Committee Member is appointed for a term of up to 3 years, and may be appointed for a second term of up to 3 years.
  - i) The ABC Ltd Board may shorten an ARC Committee Member's term if this is required by circumstances, such as the maintenance of the appropriate balance of skills and expertise on the Committee.
- h) Staff attendees at meetings of the ARC Committee are to be the ABC Ltd Chief Executive Officer and/or another staff member of the Senior Leadership Team.
- i) As from any date when the company becomes registered as a charity by the Commission, then all Trustees that are members of the ARC Committee are also charity trustees as defined by section 177 of the Charities Act 2011.

## 5. Proceedings

- a) The Chair of the ARC Committee is to call a meeting of the Committee usually 4 times each year, setting out the time, date, venue, and agenda for the meeting.
  - i) In the event that the Committee Chair is absent for any reason at a time when a meeting is due, a meeting may be called by the Chief Executive Officer.
- b) ARC Committee meetings are usually to take place face-to-face, but may take place by electronic means when necessary.
- c) 2 Members of the Committee (including at least 1 independent Trustee) are required as a quorum for a meeting of the ARC Committee.
- d) In the event that the Committee Chair is absent for any reason, the Committee may choose one of its Members to chair the meeting.
- e) Decision taking is to be usually by consensus. If a vote becomes necessary, such vote is to be by show of hands, with the chair of the ARC meeting having a casting vote in the event of a tie.
- f) The ABC Ltd ARC Committee may only incur expenditure on behalf of the Charity within budget amounts previously agreed by the Board.
- g) All ABC Ltd ARC Committee Members are to be entitled to claim travel and accommodation expenses for reimbursement in accordance with the Charity's Travel & Expenses Policies.
- h) Any independent non-Trustee Members of the ARC Committee are to sign up, and adhere, to the ABC Ltd Board Code of Conduct (except insofar as the Code of Conduct relates to the specific duties of legal Trustees of the Charity).

- i) At least every two years, the ARC Committee is to review its own performance and terms of reference to ensure it is operating at maximum effectiveness and to recommend any changes it considers necessary to the Board for approval.

## **6. Reporting**

- a) The ARC Committee is to maintain written minutes of its meetings.
- b) The Chair of the ARC Committee is to provide a written report (which may be in the form of the ARC Committee meeting minutes) to the Board at least 4 times per year.
- c) The Board is to invite the Chair of the ARC Committee to make a presentation to the Board on the Committee's work at least once a year, and at such other times as the Board may request.

**These Terms of Reference were approved by the ABC Ltd Board on [date]**

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