

## **Audit and Risk Committee for the PRI Association Board: Terms of Reference**

### **Constitution**

PRI Association Board (the Board) has established a Committee of the Board, known as the Audit and Risk Committee, with Terms of Reference as set out below.

### **Purpose**

The Audit and Risk Committee is a sub-committee of the Board and its purpose is to provide assurance to the Board as to the veracity of the financial statements, the efficacy of risk management and the strength and appropriateness of control processes across the PRI Association.

The Committee's responsibility and authority covers the entire PRI Association and any joint ventures which may be entered into.

### **Membership**

All members of the Committee and its Chairman shall be appointed by the Board and comprise of no less than two Board members. The UN PRI Chair cannot chair the Audit and Risk Committee.

In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

The Committee may invite any director, executive or other person to attend any meeting(s) of the Committee as it may from time to time consider desirable to assist the Committee in the fulfilment of its duties.

The Board will appoint a Secretary to the Committee.

### **Quorum**

A quorum shall comprise two members of the Committee.

### **Frequency of Meetings**

The Committee shall meet as and when appropriate but not less than two times a year.

The Chairman of the Committee may call additional meetings to consider such matters related to its responsibilities as the Committee may consider desirable.

### **Authority**

The Board authorises the Risk Committee to:

- investigate any matter within its Terms of Reference and make any recommendations which it deems appropriate on any area within its remit where action or improvement is needed;

- operate at a strategic/policy level of the business;
- seek any information it requires from any director or employee of the company in order to perform its duties;
- request the Secretariat to undertake activities on its behalf.
- to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference;

## **Duties**

### **Governance, risk management and internal control**

The committee will ensure that an effective system of integrated governance, risk management and internal control, is established and maintained across the whole of the PRI's activities, in support of its aim and strategic objectives. In particular, the committee will:

- review the adequacy of all risk and control related disclosure statements, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board;
- satisfy itself that risks are managed appropriately;
- monitor policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements, and fraud and corruption;
- use the work of internal and external audit and other assurance functions in carrying out this work, but will not be limited to these functions;
- seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness;
- report any substantial matters, within the remit of the committee, to PRI Advisory Council as it deems fit;
- and examine the strategic context for the PRI to identify significant strategic risks.

### **External audit**

The committee will have an annual meeting with the auditor, independent of the Secretariat management.

The committee will review the work and findings of the external auditor and consider the implications of, and management's responses to, their work. This will be achieved by:

- considering the performance of the external auditor;

- recommending to the Board approval (or not) of the annual audit plan;
- discussing and agreeing with the external auditor before an audit commences, about the nature and scope of the audit as set out in the annual plan and the audit fee;
- and reviewing all external audit reports, including agreement of the annual audit letter before submission to the Board and any work carried outside the annual audit plan, together with the appropriateness of management responses.

### **Access**

The external auditors shall have access as required to the Committee Chair and the Committee.

### **Financial reporting**

The Committee will review the Annual Report and financial statements before submission to the Board, focusing particularly on:

- the wording in the Statement on Internal Control and other disclosures relevant to the terms of reference of the committee;
- changes in, and compliance with, accounting policies and practices;
- unadjusted mis-statements in the financial statements;
- and significant variations resulting from the audit.

The Committee should also ensure that the systems for financial reporting to the Board, including those of budgetary control, are complete, accurate and relevant.

### **Review**

The Committee will conduct an annual review of its performance, ensure that it is provided with sufficient resources to undertake its duties and recommend any changes it considers necessary to the Board for approval.

These Terms of Reference will be reviewed and, where necessary updated, at least once a year.

### **Reporting Procedures**

The Secretary to the Committee shall be responsible for reporting to the Board. The minutes of all meetings and resolutions of the Committee shall be circulated to the members of the Committee and to the Board after every meeting. The Secretary will retain copies of the minutes and the papers.