

Jigsaw

Audit & Risk Subcommittee

Terms of Reference - March 2025

Objective:

The Audit & Risk Subcommittee is a committee of the Board of Directors whose principal objective is to provide strategic guidance and oversight on matters related to organisational risk, internal audit, external audit of the financial statements, and any other external audits and reports. The subcommittee is responsible for the following key areas of governance:

Responsibilities:

- Risk Management:
 - The subcommittee shall conduct regular reviews of organisational risk, including oversight of the implementation of risk management policies and procedures by the executive team.
 - The subcommittee shall review financial risk as relevant to the audited annual accounts and shall provide recommendations for improvement in the organisation's risk management framework.
- Internal Audit:
 - The subcommittee shall oversee the internal audit function and shall appoint, evaluate and monitor the performance of the internal auditor.
 - The subcommittee shall review the annual internal audit program and shall review and approve the internal audit reports.
 - The subcommittee shall monitor the implementation of recommendations resulting from audit findings.
- External Audit:
 - The subcommittee shall review the annual audited financial statements and shall discuss the management letter from the external auditor.
 - The subcommittee shall conduct an independent assessment of the external auditor and make recommendations for the appointment or reappointment of the external auditor.
 - The subcommittee shall collaborate with the external auditor to identify areas for improvement and shall monitor the implementation of recommendations for improvement.
 - Meet the external auditor, at least annually in line with the audited accounts, without the Executive present.
 - The subcommittee shall recommend the level of remuneration for the external auditor for Board approval.
- Other External Financial Audits:
 - The subcommittee shall review and discuss reports from other external auditors (normally funders) and shall recommend actions to be taken as a result of findings.

- Monitors implementation of improvements agreed in response to external audit recommendations.
- Provide an independent and objective review of the process relating to Jigsaw's management of financial risk, prevention of corruption and waste and the system of internal controls.
- Governance and Control:
 - The Subcommittee shall provide an independent and objective review of the organisation's management of financial risk, prevention of corruption and waste, and the system of internal controls.
 - The Subcommittee shall ensure that the organisation is in compliance with all laws, regulations, and professional standards that are relevant to the objectives of the subcommittee.

Membership:

Membership of the committee shall include at least two members of the Board of Directors, with at least one member having relevant financial expertise, qualifications, or experience. The committee shall have at least one external member.

In line with best practice the Board Chair can be present but is not a member of this subcommittee.

The Chairman of the Finance subcommittee shall be invited to attend the meetings of the subcommittee. The CEO and the Director of Finance & Operations shall attend the meetings of the subcommittee in an advisory capacity. Jigsaw Youth advocates who are working or studying in a relevant discipline may be invited to attend the meetings. Youth advocates will be nominated by the Jigsaw Youth Voice and Engagement team.

The subcommittee shall appoint a Secretary, who shall be a non-executive staff member and shall assist the subcommittee in the performance of its functions. The roles and responsibilities of the staff member acting as the secretary for the subcommittee, including their responsibilities for preparing and distributing minutes and other documentation is set out in the appendix.

The Jigsaw Board from among their members shall fill casual vacancies occurring in membership of this committee. The Board will also consider proposals in relation to the replacement of external members.

The Board of Directors should approve the appointment of external members to Board Subcommittees. Such appointments are made to ensure that Jigsaw has available to it particular expertise and specialise skills and experience relevant to the work of the subcommittees. External members are appointed to Subcommittees for a maximum of three consecutive terms of consisting of three years each.

Frequency of Meetings and Quorum:

The subcommittee shall meet not less than three times per year or more frequently if the business requiring its attention should so dictate. A quorum at each meeting shall be two members, one of whom must be a Board member.

Reporting to the Board:

The chair of the subcommittee should report to the board on the activities of the subcommittee at each board meeting. The subcommittee will present verbal and/or written reports to the Board.

The subcommittee meetings will be minuted and these minutes will be circulated to the Board.

The subcommittee's work should be fully and accurately reflected on the Board's agenda and minutes.

Authority:

The Audit & Risk subcommittee has the authority to seek any information it requires from the organisation's management, employees, and external advisors in order to fulfil its duties.

The subcommittee may also engage external advisors to assist in its work, subject to the approval of the board.

Review:

The subcommittee shall conduct an annual self-review of its performance and effectiveness and shall provide a report to the Board with recommendations for improvement. The subcommittee shall review its terms of reference at least once a year.

The subcommittee will have a clear procedure for managing conflicts of interest among subcommittee members and ensuring that any potential conflicts are identified and disclosed.

Communication:

Establish clear communication and reporting procedures between the subcommittee and the rest of the board, which should be in line with the regular reporting schedule, to ensure that the board is kept informed of the subcommittee's activities and recommendations.

The subcommittee shall have a clear policy on how risks are identified, evaluated, and managed.

Terms of Reference to be reviewed no later than: March 2026

Reviewed by the Audit and Risk Subcommittee on: 25th February 2025

Approved by the Board on: 25th March 2025

Appendix

Responsibilities of subcommittee secretary (draft)

The Secretary shall be a non-executive staff member whose primary role will be to assist the subcommittee in the performance of its functions. The main responsibilities are as follows:

- Prepare the annual schedule of meetings for the subcommittee
- Collate all subcommittee papers and ensure they are uploaded to the appropriate folder on Sharepoint for internal review.
- Ensure subcommittee papers are uploaded to BoardEffect for subcommittee access.
- Attend subcommittee meetings and take minutes.
- Forward draft minutes of the meeting to the chair of the subcommittee for initial agreement within three weeks of the meeting.
- Prepare summary report of the meeting for inclusion in the following board meeting papers.
- Carry out any related responsibilities in support of the subcommittee.