



Active Lancashire Limited

AUDIT AND FINANCE COMMITTEE OF THE BOARD

TERMS OF REFERENCE

Constitution and Membership

1. The Board of Directors has established a Committee of the Board known as the Audit and Finance Committee ('the Committee'). It is a Non-Executive Committee of Independent NEDs and has no executive powers, other than those specifically delegated in these Terms of Reference. The Committee shall comprise not less than four and not more than six members. A quorum shall consist of not less than three Directors, one of which has recent and relevant experience, one has risk expertise to bring knowledge of effective risk management and internal control and one of which must be the Lancashire Director. The Chair of the Board is not a member of the Committee.
2. If a meeting is not quorate the meeting can progress if those present determine. However, no business decisions shall be transacted and items requiring approval may be approved virtually by members and ratified at the subsequent meeting of the Committee.
3. The Committee may set up permanent groups or time limited working groups to deal with specific issues. Precise terms of reference for these shall be determined by the Committee. However, Board Committees are not entitled to further delegate their powers to other bodies, unless expressly authorised by the Board.
4. The Committee shall appoint one of its members as Chair.
5. The Committee will be run in accordance with the Board's Code of Conduct and Values.
6. Any new member joining the Committee is provided with a copy of the terms of reference and receives the induction in relation to the Committee.
7. The Company Secretary shall be Secretary of the Committee.

Purpose

The purpose of the Committee is to ensure good financial governance and to enable the company's financial management and risk assessment to be reviewed in greater detail than is possible at regular Board meetings. This will include overseeing the development and maintenance of the Company's financial performance plans and medium and long term financial strategy. Maintaining oversight of the financial function, key financial policies and other financial issues that might arise.

Functions

The Committee has delegated authority to recommend to the Member(s) of the Company on behalf of the Board:

- a) the Financial Strategy, ensuring the financial objectives are consistent with the strategic direction and quality priorities.
- b) the draft annual Financial Statements, ensuring they comply with all statutory and administrative requirements;
- c) the arrangements for internal audit and findings of internal audit reports and to meet with the internal auditors at least annually, without management, to discuss matters relating to its remit and any issues arising from the audits;
- d) the arrangements for the appointment, reappointment, and removal of the external auditors and to meet with the external auditors at least annually, without management present, to discuss matters relating to its remit any issues arising from the audits;
- e) the Company's Financial Regulations, internal control policies, procedures for the identification, assessment and reporting of risks, and to monitor, review and update the same;
- f) Risk Assessment (including, but not restricted to review of the risk register and performance reports);
- g) review of the current Profit & Loss account;
- h) review of the Annual Balance Sheet statement;
- i) review proposed write-offs of aged debtors in excess of £2,500 with decision for recommendations to the full Board;

any other matters when requested by the Board.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain any outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience if it considers this necessary or advantageous for its work.

Reporting Arrangements

The Minutes of the meetings of the Committee shall be presented to the Board for information and the Chair or any other Committee member shall answer any questions thereon.

Attendance and Frequency

1. The Board or Committee may invite any persons they see fit to attend all or part of any meeting of the Committee.
2. The Committee shall meet at least three times per year or as required.

Meetings of the Committee shall be called by the Company Secretary, Chair of the Board, Chair of the Committee or any two Directors of the Board or the Company's Auditors.

Monitoring Effectiveness and Review

1. The Committee will provide an annual report outlining the activities it has undertaken throughout the year.
2. A survey will be undertaken by the members on an annual basis to ensure that the terms of reference are being met and where they are not either; consideration and agreement to change the terms of reference is made or an action plan is put in place to ensure the terms of reference are met.
3. The Committee Chair will meet with the Chair of the Board at least annually.
4. The terms of reference will be reviewed and approved by the Board of Directors on an annual basis.

Approved by the Board of Directors:



Brian Cookson, Board Chair