PUBLICA

PUBLICA AUDIT AND RISK ASSURANCE COMMITTEE TERMS OF REFERENCE

1. Introduction

1.1 These Terms of Reference set out the functions and responsibilities of the Audit and Risk Committee of Publica Group (Support) Limited.

2. Definitions

2.1 In these Terms of Reference:

2.1.1 **"Company**" means Publica Group (Support) Limited

2.1.2 **"Board**" means the board of directors of the Company.

2.1.3 **"Director"** means an executive or non-executive director of the Company.

2.1.4 **"Committee"** means the Audit and Risk Committee.

2.1.5 **"Chair"** means the chair of the Committee.

2.1.6 **"Member"** means member of the Committee.

3. Duty of the Committee

3.1 The duty of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by monitoring and reviewing the:

3.1.1 integrity of the Company's financial statements;

3.1.2 mechanisms through which the Company ensures its financial sustainability and the delivery of value for money;

3.1.3 effectiveness of risk management policies and oversight including business critical risks;

3.1.4 effectiveness of internal controls;

3.1.5 effectiveness of health and safety controls;

3.1.5 compliance of the Company with the ongoing conditions of the Company's Articles of Association, Procurement Act 2023, including paragraph 2, schedule 2 "Teckal Exemption", Members' Agreement, Service Agreements, and any other legislation under which the Company operates;

3.1.6 plans to meet the requirements of external and internal audits;

3.1.7 arrangements in place for effective corporate governance;

3.2 In order to fulfil its duty, the Committee is authorised by the Board to investigate any activity within these terms of reference. In so doing, the Committee is authorised to seek any information it requires from any employee of the Company and may obtain, at the Company's expense, outside legal, accounting, or other independent professional advice on matters falling within its terms of reference.

4. Composition of the Committee

4.1 Size of the Committee

4.1.1 The Committee will consist of three Non-Executive Directors, including the Chair. Regular attendees at the Committee will include Executive Directors.

4.1.2 At least one of the members of the Committee should have an appropriate financial qualification or experience of working in an accounting or other financial role.

4.1.3 The Company Governance team will provide the secretariat for the Committee.

4.1.4 Non-members of the Committee may be invited to attend meetings at the discretion of the Chair.

4.1.5 The members of the Committee will be appointed and removed by the Board.

4.1.6 The Chair of the Board shall not be a member of the Committee but may be invited to attend its meetings.

4.2 Quorum

4.2.1 A Committee meeting is quorate if there are at least two Non-Executive members present.

4.2.2 A member shall be treated as present at a meeting held by telephone or audio-visual communication if the member is able to hear and be heard by all others attending.

4.3 Frequency of Committee Meetings

4.3.1 The Committee shall meet as frequently as is required to perform its functions but must meet no fewer than three times a year.

4.3.2 Meetings may be held by members communicating with each other using any technology which enables them to hear each other and participate in discussion.

4.4 Expertise of the Committee

4.4.1 The Committee shall ensure that it consists of members with the appropriate knowledge, skills, and expertise to fulfil its responsibilities effectively, in the areas of:

- finance and accounting;
- internal controls and other risk management activities; and
- regulatory compliance.

4.4.2 The Chair shall review the relevant knowledge and expertise of the members of the Committee annually to ensure that the Committee has the appropriate and relevant levels of expertise to meet its responsibilities.

5. Responsibilities

5.1 The Committee shall carry out an ongoing appraisal, on behalf of the Board, of the Company's approach to risk management and regulatory compliance, its relationship with its external and internal auditors, and its policies relating to whistleblowing.

5.2 Risk Management

5.2.1 The Committee shall be responsible for providing the Board with advice and recommendations relating to the Company's strategic risk register, its risk profile and reviews of any transactions which might be considered to be unusual, significant, or to carry greater than acceptable levels of risk.

5.2.2 The Committee will receive reports on business-critical risks including but not limited to ICT, Cyber Security and Data Protection to provide assurance that these risks are being managed effectively.

5.2.3 The Committee shall monitor cyber security and data protection as key risks, reviewing controls, incidents, and compliance, and providing challenge to support resilience. Cyber security and data protection risks remain a critical concern, with the potential to materially impact the organisation's operational resilience, regulatory compliance, financial position, and reputation.

5.3 Regulatory Compliance

5.3.1 The Committee shall be responsible for providing the Board with advice and recommendations in relation to ensuring the Company's compliance with its Articles of Association, Public Contracts Regulations 2015, Members' Agreements, Service Agreements, and any other legislation under which the Company operates.

5.4 Health and Safety Compliance

5.4.1 The Committee will be responsible for providing the Board with advice and recommendations in relation to ensuring the Company's compliance with the Health and Safety at Work etc Act 1974 (HASAWA).

5.5 Internal Audit

5.5.1 The Committee shall be responsible for receiving and considering reports prepared by SWAP Internal Audit Services (or similar internal audit bodies which may be engaged from time to time) and, in so doing, review the recommendations made within those reports, the management responses to those recommendations, and the subsequent actions to be taken.

5.5.2 The Committee shall review the internal audit plan annually to ensure that it addresses the Company's significant risks.

5.5.3 The Committee shall also ensure that SWAP Internal Audit Services (or similar internal audit bodies which may be engaged from time to time) have appropriate access to management and all corporate information necessary to fulfil their duties.

5.6 Financial Reporting

5.5.1 The Committee shall review the Company's annual financial statements and the associated management reports and analysis disclosures, and any other formal announcements relating to the Company's financial performance.

5.5.2 The Committee shall consider in particular:

- the integrity of the Company's financial statements, including the strategic report;
- any corporate governance statements relating to audit and to risk management;
- the appropriateness of accounting policies and practices and any changes to those policies and practices;
- any significant or unusual transactions;
- major areas of judgment within the financial statements;
- any significant adjustments resulting from the external audit and any unadjusted items identified during the external audit;
- the appropriateness of adopting the going concern assumption on an annual basis;
- compliance with accepted accounting standards and with relevant regulatory and legal requirements.

5.7 External Audit

5.7.1 The Committee shall be responsible to recommend to the Board the appointment and fees of the Company's external auditors.

5.7.2 The Committee shall discuss with the external auditors the nature and scope of any work outside of the annual audit plan.

5.7.3 The Committee shall be responsible for reviewing:

- the audited financial statements of the Company for accuracy, adequacy and clarity, compliance with regulatory requirements and ensuring they reflect a true and fair view as a basis for recommendation to and adoption by the Board;
- the accounting policies adopted, and any changes made to them; and
- the management processes supporting the Company's external reporting.

5.7.4 The Committee shall discuss any significant matters arising from the external audit of the Company's accounts, and any judgements or accounting estimates used by management in the preparation of those accounts.

5.7.5 The Committee shall review arrangements for any non-audit services to be performed by the Company's external auditors.

5.7.6 The independent members of the Committee shall be unconstrained in meeting with the external auditors privately and as may be required.

5.8 Counter Fraud and Whistleblowing

5.8.1 The Committee shall ensure that procedures are in place for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal control, and auditing matters.

5.8.2 The Committee shall ensure that procedures are in place to deal appropriately, on a confidential and anonymous basis, with concerns submitted by employees of the Company relating to accounting, auditing or other matters.

5.8.3 The Committee will receive updates and approve policies from the Counter Fraud Unit as required.

6.0 Reporting

6.1 The secretariat shall circulate the minutes of meetings of the Committee to all members of the Board.

6.2 The Committee shall report to the Board at the first Board meeting following a Committee meeting as to the proceedings of that Committee meeting, the outcomes of the Committee's work, the Committee's recommendations, and any other relevant issues.

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6.3 The Committee shall assess its performance against these Terms of Reference annually.

7.0 Changes to the Terms of Reference

7.1 Changes to the Committee's Terms of Reference must be approved by the Board.
7.2 The Committee's Terms of Reference shall be reviewed annually.