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Finance, Audit and Risk Committee (FARC) Charter

2019 – 2020

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**PART 1. PURPOSE**

The Committee is appointed by Burlescombe Parish Council (BPC) to assist the Council in its duty of (i) overseeing financial reporting,(ii) directing processes related to risk management and internal control including financial, reputational, compliance and other strategic and operational risks and controls, (iii) supervising the internal and external audit processes, and (iv) administration of the Council’s capital, liquidity and funding planning in line with the Council’s investment strategy.

Risk assessment and risk management are the responsibility of the Council’s councillors. The Committee’s responsibility in this regard is one of oversight and review.

 **PART 2. MEMBERSHIP**

1. The Committee shall be comprised of at least three Council members appointed by Burlescombe Parish Council. Committee members shall serve at the pleasure of the Council and for such term as the Council determines. The Council shall designate one Committee member as the Committee's chair (“the Chair”).

**PART 3. OPERATIONS**

1. The Committee shall hold regular meetings at least four times per year and report to the Council on a regular basis. Meetings shall include any participants the Committee deems appropriate and shall be of sufficient duration and scheduled at such times as the Committee deems appropriate to discharge properly its responsibilities.
2. The meetings of the Finance, Audit and Risk Committee (FARC) will not permit public and/or press attendance and will not be required to give advanced public notice.
3. The Committee may form and delegate to one or more subcommittees all or any portion of the Committee’s authority, duties and responsibilities, and may establish such rules as it determines necessary or appropriate to conduct the Committee’s business.
4. The Committee shall have direct access to, and complete and open communication with, the Council’s councillors and may obtain advice and assistance from internal legal or other advisors to assist it. The Committee may also retain legal or other advisors as deemed appropriate by the Council.
5. The Council shall provide for appropriate funding to the Committee, for the payment of (i) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities and (ii) remuneration to legal and other advisors retained by the Committee.
6. The Committee shall review and assess annually its performance and report the results to the Council.
7. The Committee shall review and assess annually the adequacy of this charter and, if appropriate, recommend changes to the charter to the Council.

**PART 4. AUTHORITY, DUTIES AND RESPONSIBILITES**

1. The Committee shall review and challenge as appropriate:
	1. the actions and judgements of the Councillors in relation to the periodic financial statements prepared to monitor the financial performance of the Council;
	2. the actions and judgements of the Council in relation to the published audited financial statements before submission to, and approval by, Burlescombe Parish Council and, in particular, to provide specific support to the Council on disclosures in the financial statements concerning:
		1. risk management and related controls;
		2. the level of free reserves; and,
		3. other statements required to be made by the Council in connection with the its duties for the preparation of financial statements;
	3. financial budgets and financial plans prepared by the Council, in the light of strategic plans agreed by the Council.
2. To assess the scope and effectiveness of the systems established by the Council to identify, assess, manage and monitor risks, including financial, compliance, reputational and other risks.
3. To review management and internal and external audit reports dealing with the effectiveness of the risk management systems, internal controls and financial reporting.
4. To review the procedures for preventing and detecting fraud, including the procedures for dealing with ‘whistle-blowing’.
5. To monitor and assess the effectiveness of the internal audit function.
6. To review the internal audit programme and ensure the internal audit function is adequately resourced.
7. To receive a report on the results of the internal audit work on a periodic basis.
8. To oversee the relationship with the external auditor.
9. To consider and make recommendations to the Council on the appointment, reappointment or removal of the external auditor.
10. To approve the terms of engagement including review of the remuneration of the external auditor in respect of audit and non-audit services.
11. To assess the qualification, expertise, independence and effectiveness of the external auditors annually.
12. To review with the external auditors the findings of their work including any major issues that arise during the course of the audit; recommendations regarding improvements to the system of internal control; key accounting and audit judgements; levels of error identified, obtaining explanations from the Council as to why certain errors might remain unadjusted.

**PART 5. REPORTING**

1. The Finance, Audit and Risk Committee (FARC), through its Chair, will provide appropriate written reports to the Council on its activities and issues arising. In particular, the Finance, Audit and Risk Committee (FARC) will provide an annual report to the Council regarding the Council’s effectiveness of risk management, systems of internal control and audit findings.

**PART 6.**  **CHARTER AMENDMENTS**

1. These Terms of Reference and the effectiveness of the Finance, Audit and Risk Committee (FARC) will be reviewed annually. Any changes that are considered necessary will be recommended to the Council for approval.