

TERMS OF REFERENCE



United Kingdom
Debt Management
Office

AUDIT AND RISK COMMITTEE

1. Introduction

The Accounting Officer for the UK Debt Management Office has established an Audit and Risk Committee to support him and the Secretary and Comptroller General of the CRND and the Public Works Loan Secretary in discharging their responsibilities for issues of risk, internal control and governance and associated assurance, including the assurance that the Accounting Officer gives to the Secretary and Comptroller General of the CRND and to the Public Works Loan Secretary.

2. Scope

The scope of the Audit and Risk Committee encompasses all issues of risk, internal control and governance and associated assurance, including any value for money issues identified in audit reports, relating to the:

- Debt Management Account
- PWLB lending facility
- Commissioners for the Reduction of the National Debt
- DMO Agency

3. Responsibilities

The Audit and Risk Committee's overall objective is to give advice to the Accounting Officer and, as appropriate, to the Secretary and Comptroller General of the CRND and to the Public Works Loan Secretary on:

- The overall processes for risk, control and governance and the Governance Statement;
- Management assurances and appropriate actions to follow from internal and external audit findings, risk analysis and reporting undertaken;
- The financial control framework and supporting compliance culture;
- Accounting policies and material judgements, the integrity of accounts and the annual report and management's letter of representation to the external auditors;
- Whistle-blowing arrangements for confidentially raising and investigating concerns over possible improprieties in the conduct of the DMO's business;
- Processes to protect against money laundering, fraud and corruption; and
- The planned activity and results of both internal and external audit.



TERMS OF REFERENCE

4. Authority

The Accounting Officer and the Advisory Board authorise the Audit and Risk Committee to have access to any records, staff and physical properties deemed necessary to assist the Audit and Risk Committee in meeting its objective.

The Audit and Risk Committee may require access to funding to cover the costs incurred in fulfilling its role. The funding should be sufficient to:

- meet the remuneration and working expenses of its members;
- meet the relevant training needs of its members;
- provide specialist (external) advice or opinions when required; and
- (as agreed with the organisation) provide external review of the effectiveness of the Audit and Risk Committee.

Members of the Audit and Risk Committee will have free and confidential access to the Accounting Officer and to the NAO, but will keep the Accounting Officer informed of any discussions with the NAO/KPMG.

5. Membership

Audit and Risk Committee members and the Chair are appointed by the Accounting Officer for periods of up to three years. Membership normally may be extended by no more than two additional three-year periods subject to approval by the Accounting Officer.

There will be no fewer than two members of the Audit and Risk Committee at any time.

The current members of the Audit and Risk Committee are:

<i>Position</i>	<i>Name</i>	<i>Appointment Date</i>	<i>Appointment due to end</i>
A&RC Chair	Paul Fisher	1 December 2016	30 November 2024
A&RC Member	Rodney Norman	1 July 2019	30 June 2025
A&RC Member	Martin Egan	1 May 2023	30 April 2026

6. Other Attendees

Audit and Risk Committee meetings will normally be attended by the Accounting Officer, either or both of the Co-Heads of Policy & Markets/Deputy Chief Executive, the Chief Operating Officer, the Head of Internal



TERMS OF REFERENCE

Audit, the Head of Finance and the Head of Risk. Representative(s) from and the NAO/KPMG will be invited to attend. All meetings may be attended by the Chair of the Advisory Board. The Audit and Risk Committee may request the attendance of other officials of the DMO or external professional advisers.

7. Conflicts of Interest

An Audit and Risk Committee member or attendee who becomes aware of a potential conflict of interest relating to matters being discussed by the Audit and Risk Committee should give prior notification to the Chair or if this is not possible declare this at the meeting and, where necessary, withdraw during discussion of the relevant agenda item.

8. Meetings

Meetings shall be held not less than four times a year.

The Chair of the Audit and Risk Committee or the Accounting Officer may convene additional meetings as deemed necessary.

A minimum of two members of the Audit and Risk Committee must be present for the meeting to be quorate.

In the absence of the Chair the meeting will be chaired by another member.

The Chair may ask any or all of those who normally attend but who are not members of the Audit and Risk Committee to withdraw should they deem this to be appropriate.

The Advisory Board will appoint the secretary to the Audit and Risk Committee. At present the secretary is the Head of Internal Audit.

The Audit and Risk Committee will meet at least annually with the NAO/KPMG in private.

The Audit and Risk Committee will meet at least annually with the Head of Internal Audit in private.

Written agendas and supporting papers will be produced and distributed to members and attendees, normally at least a week before the meeting.

Minutes will be made available to Audit and Risk Committee members, other attendees, members of the DMO's Advisory Board and the Chair of the HMT Audit and Risk Committee.



TERMS OF REFERENCE

9. Access to the Audit and Risk Committee

The Head of Internal Audit and the representative(s) of the NAO will have free and confidential access to the Chair of the Audit and Risk Committee.

10. Responsibilities Relating to Internal and External Audit

The Audit and Risk Committee will advise the Accounting Officer on:

- the planned activity and results of both internal and external audit;
- the effectiveness of both internal and external audit and performance against key performance indicators;
- the independence of, and quality assurance processes of internal and external audit;
- any proposed restructuring of the DMO's internal audit service, including the purchase of audit services from external sources.

The appointment or dismissal of the Head of Internal Audit requires the prior approval of the Audit and Risk Committee.

11. Information Requirements

The Audit and Risk Committee has drawn up a cycle of agenda items and papers will be provided for each meeting in accordance with this cycle.

Agenda items additional to the cycle will be agreed with the Chair and papers provided as necessary.

12. Review

The Audit and Risk Committee will review these Terms of Reference and assess the Committee's effectiveness annually and will submit recommendations for any proposed changes to the DMO's Advisory Board for approval.