

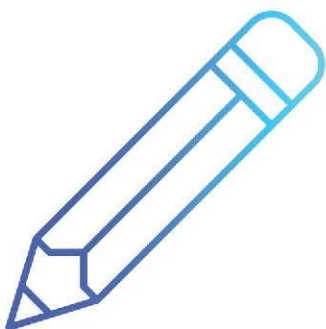
## TERMS OF REFERENCE



**BLCRef0002**

# **Audit & Risk and Finance & Commercial Committee Terms of Reference**

Version Number 1.0



Document Title:	Audit & Risk and Finance & Commercial Committee Terms of Reference
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### Document Control

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### Version history

Version	Issue date	Author/editor	Responsible Officer Approval Date	Summary of changes
2.7	14/09/2022	Janine Nelson, Legal Services Lawyer	14/09/2022	Entered into Document Control System. Reviewed by Committee. Committee renamed to Audit & Risk Committee, CEO added to quorum with voting rights and para 2.2 expanded on finance.
2.8	15/3/2024	Caroline Moss, Head of Business Services	15/3/2024	Meeting Charter added as a related document.
3.0	TBC	Caroline Moss, Head of Business Services	TBC	Committee name changed to Audit & Risk and Finance & Commercial Committee. Significant change to content to re-align to two distinct meeting sections.

### Related documents

Document Number	Document Name	File Location
BLCRef0005	Audit & Risk and Finance & Commercial Committee Meeting Charter	Hi-Bob

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## 1. Constitution

- 1.1. The Audit & Risk and Finance & Commercial Committee (ARFCC) was constituted at a full meeting of the BlueLight Commercial (BLC) Board of Directors (Board) held on 18 November 2020 in accordance with the articles of association of the company.
- 1.2. The name was changed from Audit & Risk Committee (ARC) to Audit & Risk and Finance & Commercial Committee (ARFCC) on 17 January 2025 and approved by the Board of Directors on 30 January 2025.
- 1.3. The Committee is now split into two distinct sections and the duties and Terms of Reference (ToR's) aligned to these two areas are detailed below.

## 2. Audit & Risk Section Duties and Terms of Reference

### 2.1. Purpose

- 2.1.1. The purpose of the Audit & Risk section of the ARFCC is to support the Board in discharging its responsibilities for overseeing the performance and risk of business operations and internal controls.
- 2.1.2. It will have proper regard to the requirements related to the company's status as a company limited by guarantee, owned by its members and bound by Company Law. These ToR's have been developed with regard to the Audit & Risk Assurance Committee Handbook (HM Treasury 2016), and the Seven Principles of Public Life (the Nolan Principles) including the requirements for selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

### 2.2. Role and Scope

- 2.2.1. Through effective monitoring and review, the Audit & Risk section of the ARFCC will advise and support the Board on the completeness, reliability and integrity of operational performance and risk and compliance activity across the company. It will pass its views to the Board if it is not satisfied with any aspects of the reports it receives. The areas of assurance are set out below, with examples (not exclusive) of the Audit & Risk section of the ARFCC's focus in each.
- 2.2.2. **Operational Risk**  
Refers to the oversight of strategic risks that could impact BLC strategic objectives and associated tactical risks that threaten the Operational Performance/Delivery of BLC. Key areas of focus:-  
**Risk Strategy** - Help determine the Risk Strategy for BLC and brief the Board on any changes required to risk strategy.  
**Risk Appetite** - Work with the Executive and Board to determine and monitor the Risk Appetite of BLC, ensuring annual review.

**Operational Risk Profile –**

- **Current Risk Exposures:** Review of BLC overall operational Board level risk profile, including summary of key risks including mitigations, emerging risks, status update and any material changes since the previous ARFCC meeting.
- **Emerging Risks:** Discuss new or emerging risks that may impact BLC such as changes in technology or external threats.
- **Key Risk Indicators (KRIs) \*** To be developed by Operations PDCA \*: Assess the latest KRIs to evaluate how they align with the organisation's risk profile (what's been captured) and whether they signal any potential increases in risk exposure.

**Risk Event and Incidents**

- **Significant Operational Risk Incidents:** Present an overview of significant risk events (eg. failed Key Performance Indicators, system failures, supplier issues, cyber incidents etc) that have occurred since the last ARFCC meeting including root cause analysis (RCA), financial and reputational impacts and lessons learned.
- **Incident Trends and Patterns:** Address any patterns or trends in operational risk incidents to identify systemic issues that may require attention.
- **Response and Mitigation Actions:** Discuss the corrective actions taken to address these incidents and prevent recurrence, along with their effectiveness.

**Business Continuity and Disaster Recovery**

- **Business Continuity Plans (BCP):** Review of the status of BLC's BCP, ensuring readiness to respond to disruptions such as cyber-attacks or major system failures.
- **Disaster Recover (DR):** Discuss DR testing results (frequency of these to be reported to ARFCC to be determined as this isn't something likely done quarterly but SMEs to validate) and identify areas that require improvements to ensure resilience of critical systems and processes.

**Audit**

- **Audit and Compliance Findings:** Review findings from internal audits and regulatory inspections related to operational risk, including any compliance gaps and remediation plans.

**Reporting and Escalation**

- **Reporting to the Board:** Review reports that will be shared with the Board, ensuring that material risks and key issues are accurately reflected.

- **Escalated Risks:** Discuss any operational risks that are proposed for escalation to the Board for awareness or support in mitigating.

#### 2.2.3. **Internal Control**

The company's systems for internal controls, as assessed through the 'three lines' model, focusing on management of people, information, corporate governance (with a strong focus on the management of risk), delivery and performance, programmes, and projects.

Considering assurance frameworks and related evidence, the Audit & Risk section of the ARFCC will:

- review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- review the company's procedures for detecting fraud;
- review the company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- review the adequacy and effectiveness of the company's anti-money laundering systems and controls; and
- review the adequacy and effectiveness of the company's compliance function.

#### 2.2.4. **Governance**

- The extent, reliability, and integrity of operational performance and operational risk governance arrangements in place to meet the Board's assurance needs, such as the Scheme of Delegation and overall governance framework.
- The ARFCC will support the Board and the executive by providing constructive challenge, sharing good practice, and agreeing and reviewing the work of the internal auditors.
- Review of the company's policies and processes pertinent to the Committee's remit including identifying and assessing business risks, the management of these risks and an assessment of their robustness, appropriateness, and effectiveness.
- Review the status of, and significant findings from, any regulatory inspections or regulatory violations that have occurred in the period.

#### 2.2.5. **Internal Audit**

The company does not currently have an internal audit function. The decision on whether or not to set up an internal audit function shall be made by the Board on the recommendation of the ARFCC (which shall consider annually whether there is a need for an internal audit), based on the growth

of the company, the scale, diversity and complexity of the company's activities and the number of employees, as well as cost and benefit considerations. If the Board recommends the appointment of an internal audit function, the ARFCC shall:

- monitor and assess the role and the effectiveness of the company's internal audit function in the context of the company's overall risk management system and the work of compliance, finance and the external auditor;
- approve the appointment and removal of the head of the internal audit function;
- review and approve the role and mandate of the internal audit function, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- ensure internal audit has unrestricted scope, the necessary resources and appropriate access to information to enable it to perform its function effectively, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan and ensure that the internal audit function is equipped to perform in accordance with the relevant professional standards for internal auditors;
- ensure the internal auditor has direct access to the Chairperson of the Board and the ARFCC Chairperson and is accountable to the ARFCC;
- review and approve the annual internal audit plan and ensure it is aligned to the key risks of the company's business and receive regular reports on work carried out;
- review and assess the annual internal audit work plan and receive a report on the results of the internal auditor's work;
- determine whether it is satisfied with the quality, experience and expertise of internal audit is appropriate for the business;
- consider whether an independent, third party review of processes is appropriate;
- review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function; and
- meet the head of internal audit at least once a year, without management being present.

#### **2.2.6. External Audit**

The ARFCC shall:

- consider and make recommendations to the Board, to be put to members for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the company's external auditor. If an auditor resigns the ARFCC shall investigate the issues leading to this and decide whether any action is required;
- develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have such access as is necessary to information and individuals during the tendering process.
- oversee the relationship with the external auditor including (but not limited to):
  - a) consideration and making recommendations to the Board to be put to members for approval as to their remuneration, including fees for audit or non-audit services and assessing whether the level of fees is appropriate to enable an effective and high quality audit to be conducted;
  - b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - c) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements (including any relevant ethical standard) and the relationship with the auditor as a whole, including any threats to the auditors' independence and safeguards applied to mitigate those threats including the provision of any non-audit services;
  - d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
  - e) agreeing with the Board a policy on the employment of former employees of the company's auditor taking into account any relevant ethical standard and legal requirements, then monitoring the implementation of this policy;
  - f) monitoring the auditor's compliance with relevant ethical, legal regulatory and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements;
  - g) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;

- h) seeking to ensure co-ordination with the activities of the internal audit function; and
  - i) evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market on that evaluation.
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The ARFCC shall meet the external auditor (at least once a year), without management being present, to discuss their remit and any issues arising from the audit. Where appropriate, the ARFCC should have regular contact with the external auditor throughout the year to ensure any issues which arise are dealt with promptly.
- Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - a) a discussion of any major issues which arose during the audit,
  - b) any key accounting and audit judgements,
  - c) the auditor's explanation of how the risks to audit quality were addressed;
  - d) the auditor's view of their interactions with senior management;
  - e) levels of errors identified during the audit, and
  - f) the effectiveness of the audit.
- Review any representation letter(s) requested by the external auditor before they are signed by management.
- Review the management letter and management's response to the auditor's findings and recommendations.
- Review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor and the auditor's response to questions from the ARFCC;
- Develop and implement a policy on the supply of non-audit services by the external auditor, including approval of non-audit services by the ARFCC and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
  - a) threats to the independence and objectivity of the external auditor and any safeguards in place;

- b) the nature of the non-audit services
  - c) whether the external audit firm is the most suitable supplier of the non-audit service.
  - d) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
  - e) the criteria governing compensation.
- The ARFCC Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. The report shall include:
  - a) the significant issues that it had considered in relation to the financial statements and how these were addressed;
  - b) the assessment of the effectiveness of the external audit process and its recommendations on the appointment/reappointment of the external auditor.
  - c) any other issues on which the Board has requested the ARFCC's opinion.
- The ARFCC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The ARFCC shall compile a report to members on its activities to be included in the company's annual report. The report shall include an explanation of how the ARFCC has addressed the effectiveness of the external and internal audit process, the significant issues that the ARFCC considered in relation to the financial statements and how these issues were addressed having regard to matters communicated to it by the auditor.
- In the compiling the reports referred to above, the ARFCC should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board of director's assessment of whether the company is a going concern. The report to members need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.
- The ARFCC shall, unless expressly addressed by a separate risk committee comprised of independent directors or by the directors themselves:
  - a) keep under review the company's internal financial controls and internal control and risk management systems; and

- b) review and approve the statements to be included in the annual report concerning internal controls and risk management.

#### **2.2.7. Policies**

Consider relevant corporate policies, including business continuity, conflict of interest, data protection, information security risk management, risk management strategy and policy, and gifts and hospitality, whistleblowing processes and security incident response. A policy matrix detailing those policies to be considered by each section of the ARFCC are at Appendix A.

#### **2.2.8. Annual Report**

As delegated by the Board, the ARFCC will review the content of the Annual Report. The ARFCC will advise the Board on whether the report provides the information necessary to enable Members to understand and assess the company's overall performance. The ARFCC will provide the Board with its opinion.

### **3. Finance & Commercial Section Duties and Terms of Reference**

#### **3.1. Purpose**

- 3.1.1. The purpose of the Finance and Commercial Section of the ARFCC is to support the Board of BLC in discharging its responsibilities for overseeing the management of finance and commercial activities and their associated governance.
- 3.1.2. It will have proper regard to the requirements related to the company's status as a company limited by guarantee, owned by its members and bound by Company Law. These Terms of Reference have been developed with regard to the Seven Principles of Public Life (the Nolan Principles), the Financial Reporting Council guidance and CIPFA/IFAC International Framework – Good Governance in the Public Sector (2014). The areas of the Framework most relevant to the Finance and Commercial Section of the ARFCC are:
  - 3.1.2.1. Behaving with integrity, demonstrating commitment to ethical values, and respecting the rule of law.
  - 3.1.2.2. Ensuring openness and comprehensive stakeholder engagement.
  - 3.1.2.3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  - 3.1.2.4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - 3.1.2.5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

3.1.2.6. Managing risks and performance through robust internal control and strong public financial management.

3.1.2.7. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

**3.1.3. Role and Scope**

3.1.3.1. Through effective monitoring and review, the Finance and Commercial Section of the ARFCC will advise and support the Board on the completeness, reliability, and integrity of financial and commercial activity across the company. The Finance and Commercial Section of the ARFCC will define and assess these assurances using the HM Treasury 'three lines of defence' model (operational, management activity, independent assurance) and the Corporate Risk Register will reflect the operational context within these areas. The Finance and Commercial Section of the ARFCC will pass its views to the Board of Directors if it is not satisfied with any aspects of the reports it receives. The areas of assurance are set out below, with examples (not exclusive) of the Finance and Commercial Section of the ARFCC's focus in each.

**3.1.3.2. Financial Management and Reporting**

To consider and comment upon:

- a. medium term financial projections;
- b. financial performance;
- c. reserves strategies;
- d. borrowing and investment strategies;
- e. capital investment and asset strategies;
- f. the arrangements to secure value for money;
- g. progress of BLC funding submissions;
- h. accounting policies, systems, controls and practices;
- i. BLC insurance cover to ensure adequate provision is in place.

**3.1.3.3. Commercial Activity**

To consider:

- a) Review of recent contract awards;
- b) Performance management relating to ongoing contracts, managed by BLC;
- c) Review of risk movement related to ongoing contracts;

- d) Review of ongoing sourcing activity;
- e) Review of market engagement activity across the business;
- f) Review of BLC Contracts Register; and
- g) Compliance with legal, regulatory and financial reporting requirements.

#### **3.1.3.4. Governance**

The extent, reliability, and integrity of financial and commercial governance arrangements in place to meet the Board's assurance needs, such as the Scheme of Delegation and overall governance framework.

The Finance and Commercial Section of the ARFCC will support the Board and the executive by providing constructive challenge, sharing good practice, and agreeing and reviewing the work of the external auditors.

Review of the company's financial and commercial policies and processes including identifying and assessing business risks, the management of these risks and an assessment of their robustness, appropriateness, and effectiveness.

Review risks to reputation from suppliers and other third parties.

Review the status of, and significant findings from, any regulatory inspections or regulatory violations that have occurred in the period; and

An assessment of the adequacy of the levels of insurance cover maintained for the company.

#### **3.1.3.5. Policies**

Consider relevant corporate policies relating to financial and commercial activity, including anti-fraud, commercial, reserves, scheme of delegation, and travel and expenses. A policy matrix detailing those policies to be considered by each section of the ARFCC are at Appendix A. Policies will be scheduled for review in the Board and Sub-Committee Meeting Calendar and Planned Business.

#### **3.1.3.6. Annual Statement of Accounts**

As delegated by the Board, the Finance and Commercial Section of the ARFCC will review the content of the Annual Statement of Accounts. The Finance and Commercial Section of the ARFCC will advise the Board on whether the report is fair and balanced and provides the information necessary to enable Members to understand and assess the company's overall performance. The Finance and Commercial Section of the ARFCC will provide the Board with its opinion.

The Finance and Commercial Section of the ARFCC shall monitor the integrity of the financial statements of the company, including its annual and half yearly reports (if any), interim management statements, preliminary results' announcements (if any) and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to the matter communicated to it by the auditor.

The Finance and Commercial Section of the ARFCC shall review and challenge where necessary:

- a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the company;
- b) the methods used to account for significant or unusual transactions where different approaches are possible;
- c) whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- d) the clarity and completeness of disclosure in the company's financial reports and the context in which statements are made;
- e) all material information presented with the financial statements, such as the strategic report and any corporate governance statement (insofar as it relates to the audit and risk management); and
- f) the financial implications relating to any proposed strategic position of the company and/or income stream diversification going forward.

If the Finance and Commercial Section of the ARFCC is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the Board.

Where requested by the Board, the Finance and Commercial Section of the ARFCC should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for members to assess the company's performance, business model and strategy and the Finance and Commercial Section of the ARFCC should also advise the Board on whether the annual report and accounts informs the Board's statement in the annual report on these matters.

## **4. Membership**

- 4.1. The members of the ARFCC shall be appointed by the Board, on the recommendation of the Nominations Committee in consultation with the Chairperson of the Board. All of the members of the ARFCC should be non-executive directors who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The ARFCC shall, where possible, include at least one member of the Nominations Committee.
- 4.2. The ARFCC shall have at least three members (comprising 1 non-Chair member selected from PCC's on the Board, 1 NPCC Finance member, and 1 Non-Exec Director) and at least one member should have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. The Chairperson of the Board may also serve on the ARFCC as an additional member but not Chair the ARFCC.
- 4.3. The Board shall appoint an ARFCC Chairperson. In the absence of an ARFCC Chairperson, the remaining ARFCC members present shall elect one of themselves as Chairperson.
- 4.4. A quorum shall be any three members of the ARFCC. The Chairperson of the Board may count in the quorum but only if there is less than three other members attending the meeting.
- 4.5. The Chief Executive Officer (CEO) may attend the meeting and count in the quorum.
- 4.6. The ARFCC Chairperson and members shall be listed each year in the company's annual report.
- 4.7. The Committee meetings will be split into two distinct sections:
  - 4.7.1. Audit & Risk Section
  - 4.7.2. Finance & Commercial Section
- 4.8. The meetings will generally be two hours in duration with one hour dedicated to each section. The split of time required will vary depending on agenda items.
- 4.9. The constitution of the Committee will remain the same for both sections of the meeting.

## **5. Other Attendees**

- 5.1. Other attendees who are not ARFCC Committee members will include:
  - 5.1.1. Director of Legal Commercial Services;
  - 5.1.2. Head of Finance;
  - 5.1.3. the Company Secretary;
  - 5.1.4. a representative of External Audit;

- 5.1.5. a commercial lead from BlueLight Commercial; and
- 5.1.6. other subject matter experts, at the discretion of the ARFCC Chair.
- 5.2. The external auditors will have free and confidential access to the ARFCC Chair.

## **6. Voting Arrangements**

- 6.1. Each member of the ARFCC shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the ARFCC. The Chairperson of the Board shall have one vote if there is less than three other members attending the meeting. The CEO may vote on any matters considered at the meeting where there is no actual or potential conflict of interests.
- 6.2. Each member of the ARFCC shall disclose to the ARFCC:
  - 6.2.1. Any personal financial interest (other than as a member) in any matter to be decided by the ARFCC; or
  - 6.2.2. Any potential conflict of interest arising from a cross-directorship.
- 6.3. If a matter that is considered by the ARFCC is one where a member of the ARFCC, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter.
- 6.4. Save where he has a personal interest, the ARFCC Chairperson will have a casting vote.

## **7. Attendance at Meetings**

- 7.1. The ARFCC will meet at least three times a year at appropriate intervals in the financial reporting and audit cycle. The ARFCC may meet at other times during the year as agreed between the members of the ARFCC or as required.
- 7.2. Outside of the formal meeting programme, the ARFCC Chairperson will maintain a dialogue with key individuals involved in the company's governance, including the Chairperson of the Board, CEO and the external audit lead partner.
- 7.3. Only members of the ARFCC have the right to attend ARFCC meetings. However, the external auditors will be invited to meetings of the ARFCC on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate, as per 'Other Attendees' section.
- 7.4. The company's external auditors may be required to attend ARFCC meetings, but not in the presence of any of the CEO of the company, with a view to consulting with the ARFCC.

- 7.5. The company secretary or his or her nominee shall be the secretary of the ARFCC and will ensure that the ARFCC receives information and papers in a timely manner to enable full and proper consideration to be given to all issues.

## **8. Notice of Meetings**

- 8.1. Meetings of the ARFCC shall be called by the secretary of the ARFCC at the request of any of its members or at the request of the external auditors if they consider it necessary.
- 8.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the ARFCC and to other attendees (as appropriate) at the same time.
- 8.3. Meetings of the ARFCC may be conducted when the members are physically present or in the form of either a video or audio conference.
- 8.4. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **9. Information Requirements**

- 9.1. Each scheduled meeting will be provided with the following information as a standing requirement:
- 9.1.1. Declaration of Interests Register for Committee Members;
  - 9.1.2. Minutes of the last meeting;
  - 9.1.3. Updated Action Log from the last (and previous) meetings;
  - 9.1.4. A detailed finance report including monthly financial overview, reserves position, cash collections, aged debtors, cash flow actuals and forecast;
  - 9.1.5. A copy of the Risk Register relating to finance and commercial activity with details of risk movement;
  - 9.1.6. Policy update including any policies for ARFCC approval or recommendation for BLC Board approval and summary of pertinent policy movement within the last 90 days;
  - 9.1.7. Gifts and Hospitality Register and company Contracts Register; and
  - 9.1.8. Any other report required by the Chair on behalf of the Committee.
- 9.2. As and when appropriate, the ARFCC will also be provided with:
- 9.2.1. Draft Statement of Accounts;

- 9.2.2. External Audit Report;
- 9.2.3. External audit's management letter;
- 9.2.4. A report on any changes to accounting policies;
- 9.2.5. A report on any proposals to tender for external audit functions; and
- 9.2.6. Details of company insurances for annual review.

## **10. Authority**

- 10.1. A duly convened meeting of the ARFCC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the ARFCC. The ARFCC is authorised by the Board to examine any activity within its terms of reference and is authorised to have unrestricted access to the company's external auditors and to obtain, at the company's expense, professional advice on any matter within its terms of reference. The ARFCC is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the ARFCC. The ARFCC has the right to publish in the company's annual report, details of any issues that cannot be resolved between the ARFCC and the Board.

## **11. Reporting**

- 11.1. The proceedings and resolutions of meetings of the ARFCC, including the names of those present and in attendance, shall be minuted. Draft minutes of each meeting will be circulated promptly to all members of the ARFCC. Once approved, the minutes of each meeting will be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the ARFCC Chairperson.

## **12. General Matters**

- 12.1. The ARFCC shall:
- 12.1.1. have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
  - 12.1.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members, and including training (where necessary) so that they can effectively challenge the finance team on financial reporting matters;
  - 12.1.3. give due consideration to applicable laws and regulations, PLSA Corporate Governance Policy & Voting Guidelines for Smaller Companies as appropriate and make use of other relevant guidance available from the FRC and ICAEW;
  - 12.1.4. be responsible for co-ordination of the internal and external auditors;

- 12.1.5. oversee any investigation of activities which are within its terms of reference; and
- 12.1.6. arrange for periodic review of its own performance and, at least once a year, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 12.1.7. Consider such other matters as may be requested by the Board.
- 12.2. The ARFCC Chairperson should make himself or herself available at each Annual General Meeting of the company to answer questions concerning the ARFCC's work.
- 12.3. The recommendations of the ARFCC minutes must be approved by the Board before they can be implemented.
- 12.4. The ARFCC shall work and liaise as necessary with all other Board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees.
- 12.5. The ARFCC shall make available these terms of reference to members and include the information on the company's website.

### **13. Review**

- 13.1. As part of the corporate governance review, these terms of reference will be reviewed annually, or more frequently as required, i.e. following an incident, organisational change, change in business operations or risk profile, to ensure the terms of reference continue to fulfil their purpose.
- 13.2. Comments or suggestions regarding the terms of reference are invited from users and should be directed to the Responsible Officer for consideration.
- 13.3. The Responsible Officer is responsible for keeping these terms of reference up to date.
- 13.4. BlueLight Commercial reserves the right to amend the terms of reference at any time.

## 14. Appendix A – Policy Matrix

14.1. Each section of the ARFCC has responsibility for reviewing policies as defined in the table below:

<b>Audit &amp; Risk Section</b>	<b>Finance &amp; Commercial Section</b>
Anti-Bribery & Gifts and Hospitality	Anti-Fraud
Business Continuity Management Strategy	Commercial
Business Continuity & Disaster Recovery Plan	Fixed Asset Accounting
Conflict of Interest	Levies and Contract Margins
Data Protection	Reserves
Incident Response	Scheme of Delegation
Information & Cyber Security Governance Strategy	Travel & Expenses
Information Security	
Risk Management Strategy	
Whistleblowing	



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