

TERMS OF REFERENCE

Audit Committee



United Kingdom
Debt Management
Office

AUDIT COMMITTEE

1. Introduction

The Accounting Officer for the UK Debt Management Office has established an Audit 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 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 Committee's overall objective is to give advice to the Accounting Officer and, as appropriate, to the Secretary and Comptroller General of the CRND 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 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.

4. Authority

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

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The Audit 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 Committee.

Members of the Audit 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.

5. Membership

Audit 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 Committee at any time.

The current members of the Audit Committee are:

Position	Name	Appointment Date	Appointment due to end
AC Chair	Paul Fisher	1 December 2016	30 November 2022
AC Member	Paul Richards	13 May 2019	12 May 2022
AC Member	Rodney Norman	1 July 2019	30 June 2022

6. Other Attendees

Audit 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 Audit, the Head of Finance and the Head of Risk. Representative(s) from the Government Internal Audit Agency (GIAA) and the NAO will be invited to attend.

Audit Committee may request the attendance of other officials of the DMO or external professional advisers.

7. Conflicts of Interest

An Audit Committee member or attendee who becomes aware of a potential conflict of interest relating to matters being discussed by the Audit 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.

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8. Meetings

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

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

A minimum of two members of the Audit 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 Committee to withdraw should they deem this to be appropriate.

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

The Audit Committee will meet at least annually with the NAO in private.

The Audit 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 circulated to Audit Committee members, other attendees and members of the DMO's Managing Board.

9. Access to the Audit 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 Committee.

10. Responsibilities Relating to Internal and External Audit

The Audit 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 Committee.

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11. Information Requirements

The Audit 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. Reporting to the DMO's Managing Board

The minutes of each Audit Committee meeting will be circulated to all members of the DMO's Managing Board. The Chair of the Audit Committee may, optionally, also brief Managing Board meetings on the key issues arising from Audit Committee meetings.

13. Review

The Audit 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 Managing Board for approval.