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01 November 2018

To: All Members of the Alexandra Palace and Park Board

Dear Member,

Alexandra Palace and Park Board - Tuesday, 6th November, 2018

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

10. FRRAC TERMS OF REFERENCE (PAGES 1 - 6)

To approve the reviewed Finance, Resources, Risk and Audit Committee (FRRAC) Terms of Reference.

Yours sincerely

Felicity Foley, Acting Committees Manager
Principal Committee Co-Ordinator

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Alexandra Palace

ALEXANDRA PARK AND PALACE CHARITABLE TRUST **BOARD MEETING – 6th November 2018**

Report Title: Review of Finance, Resources, Risk and Audit Committee (FRRAC) Terms of Reference

Report Authorised by: Louise Stewart, Chief Executive

Contact Officer: Natalie Layton, Executive Assistant

Email: Natalie.layton@alexandrapalace.com , Telephone: 020 8365 4335

Recommendation: To approve the proposed amendments to the Terms of Reference of the Finance, Resources, Risk and Audit Committee and the Committee's proposed new name, which includes the word 'resources'.

Local Government (Access to Information) Act 1985 N/A

1. Changes that have taken place to the scope, size or delivery practices of our activities or that have been considered and or impacted on the review

N/A

2. Changes that have taken place externally, that have been taken into account when reviewing this policy?

N/A

3. Changes that have been made to the Terms of Reference

3.1 The proposed amendments are shown in tracked-changes in paragraphs:

5c) FRRAC's role in internal audit has been clarified to formally document current practice;

5e) wording from the Risk Management Policy has been inserted to explicitly state the Committee's role in risk management and;

5f) reference to the new Alexandra Palace Financial Regulations has been added;

3.2 On 25th October 2018 the Committee considered the terms of reference agreed to recommend that the title include the word 'resources' and the policy has been amended to include responsibilities in this area.

3.3 Some additional/amended wording further to comments from the Corporate Trustee's legal officer at: 6 ('duties' to 'responsibilities'), 6a, 6f, 6g, 6i,

3. Who has been consulted

- Corporate Trustee Finance– John O’Keefe (*no comments*)
- Corporate Trustee Legal – Raymond Prince, with input from the Council’s Head of Audit and Risk Management (*comments incorporated*)
- Internal Auditor’s – Mazars (*comments incorporated – item 1.1f above*)
- FRRAC (*comments as above*)

4. Use of Appendices

Appendix 1 – Finance, Resources, Risk and Audit Committee Terms of Reference

**ALEXANDRA PARK AND PALACE CHARITABLE TRUST
FINANCE, RESOURCES, RISK AND AUDIT COMMITTEE (FRAC)****TERMS OF REFERENCE****1. Constitution**

The Board of Alexandra Park and Palace Charitable Trust hereby resolves to establish a FRRAC of the Board, to be known as the "Finance, Resources, Risk and Audit Committee" ("the FRRAC"), to assist the Board in fulfilling its responsibilities.

2. Membership

- a) The FRRAC shall be appointed by the Board from amongst the members of the Board;
- b) The FRRAC shall consist of not fewer than three members;
- c) A quorum shall be two members;
- d) The Chairman of the FRRAC shall be appointed by the Board;
- e) In the absence of the FRRAC Chairman and/or a duly appointed deputy, the remaining members present shall elect one of themselves to chair the meeting;
- f) The secretary of the Charity shall be the secretary of the FRRAC.

3. Meetings

- a) Only FRRAC members shall be entitled to attend FRRAC meetings but the CEO, the Director of Finance and the auditors (for every other meeting) would also normally be in attendance: others may attend by invitation.
- b) The external or internal auditors may request a meeting with the FRRAC if they consider one necessary;
- c) Part of every meeting should be made available for the FRRAC to meet with external or internal auditors without the presence of executive management;
- d) The FRRAC shall meet not less than three times per calendar year in accordance with the cycle of Board meetings. Further meetings may be convened as necessary either at the request of a member of the FRRAC or the Board.

4. Authority

The FRRAC is authorised by the Board to:-

- a) Investigate any activity within its terms of reference;
- b) Seek any information that it requires from any employee of the Charity and its subsidiaries and all employees will be directed to co-operate with any reasonable request made by the Committee;
- c) Obtain outside legal or independent professional advice as it considers necessary;
- d) The FRRAC has no executive powers with regard to its findings and recommendations.

6. Responsibilities

- a) To make recommendations to the Board in respect of the appointment, re-appointment and removal of the external and, if any, internal auditors; to review the remuneration and terms of engagement of such auditors; and to report on the circumstances of the resignation of such auditors;
- b) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards;
- c) To receive and review: the internal audit overview letter, internal audit plans, reports on progress of internal audit recommendations and consider any other reports relating to internal audit performance and effectiveness of policies and, to discuss with the external auditor, before the internal audit commences, the nature and scope of the internal audit and reporting obligations;
- d) To monitor the integrity of the annual financial statements, in discussion with management and the external auditors, before submission to the Board, focusing on –
 - i. The quality and acceptability of, and changes to, accounting policies and practices and financial reporting disclosures;
 - ii. Decisions requiring a significant element of judgement
 - iii. The clarity of disclosures
 - iv. The going concern assumption
 - v. Compliance with relevant financial and governance reporting standards and requirements
 - vi. Review of the external auditor's letter of representation, the management letter and audit findings letter raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control together with management's responses on such issues;
- e) To periodically review the Strategic Risk Register and, in accordance with the Risk Management Policy:
 - i. To review the assessment of fraud risks and potential harm from fraud and corruption
 - ii. Reviews the adequacy and effectiveness of the overall arrangements put in place by management to manage fraud, financial and non-financial risk
 - iii. Reviews the annual statement on internal control in the Annual Accounts
 - iv. Monitors the effectiveness of risk assessment, risk management strategies and internal control processes
 - v. Makes recommendations and provides assurance to the Board on the level of residual risk and effectiveness of the risk management framework
- f) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions and to annually review the Alexandra Palace Financial Regulations, which are the Charity's financial controls, internal control and risk management systems in discussion with management as necessary;
- g) To consider whether there is a need for or continuing need for an internal audit function and/or any other assurance processes

- h) To act as the human resource and remuneration committee.
 - ii. consider issues of staffing and remuneration policy
 - iii. establish and review pay policy and structure
 - iv. to assess the human resource capacity and capability of the executive team to deliver the requirements of the organisation
 - v. Review staff salaries and the benefits package from time to time as appropriate
 - vi. To commission and consider any organisational reviews.
- i) To receive regular information on whistleblowing;
- j) To ensure that appropriate procedures are in place for dealing with “whistleblowing” and for investigating such matters where earlier resolution has not proved possible or where the matter has been specifically referred to the FRRAC by the Board, a Board member or a member of the executive management team;
- k) Any other topics referred by the Board.

6. Role as Finance Committee

The FRRAC also has a Finance role encompassing –

- a) Advising the Board with regard to significant financial decisions;
- b) Overseeing the preparation of the financial statements;
- c) Reviewing the annual financial calendar, the budget process and management accounts reports;
- d) Overseeing the use of the financial resources including:
 - Balance sheet review;
 - The financial aspects of the pay remit process;
 - Pensions liabilities;
 - Mismanagement of funds/fraud.

7. Role as Investment Committee

The FRRAC also has an Investment role, in relation to the prudential management of any surplus funds available for investment pending their application in the activities of the Charity. In its Investment FRRAC role, the FRRAC’s Terms of Reference shall be:

- To propose an investment strategy to the Board when applicable
- To oversee APPCT management’s execution of the agreed investment strategy
- To make recommendations in relation to the appointment and remuneration of any fund manager(s) and the removal of such fund manager(s) from office
- To monitor the performance and suitability of any fund manager(s) appointed to manage APPCT’s investment portfolio
- To consider the implications of economic events on the investment policy
- To consider any other matter referred to the FRRAC by the Board

8. Duties – Governance

To advise the Board periodically with respect to significant developments in the law and practice of corporate governance as well as the Charity's compliance with the UK Corporate Governance Code and related guidance and applicable laws and regulations.

To make recommendations to the Board on all matters of corporate governance and on any corrective action to be taken, as the FRRAC may deem appropriate.

9. Reporting

- a) The secretary shall circulate the minutes of meetings of the FRRAC to all members of the Board and to the executive team.
- b) The FRRAC shall annually review its terms of reference and its own effectiveness and shall recommend any necessary changes to the Governing Body;
- c) The FRRAC shall prepare a report on its role and responsibilities for inclusion in the annual report and accounts, the report to include –
 - A summary of the role of the FRRAC
 - The names and qualifications of all members of the FRRAC during the period
 - The number of FRRAC meetings and attendance by each member, and
 - The way the FRRAC has discharged its responsibilities.
- d) The FRRAC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- e) Other:

The FRRAC shall, at least once a year, review its own performance, 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.