

Appendix 3: Governance, Risk and Audit Committee Terms of Reference

Role

1. The Governance, Risk and Audit Committee (the “Committee”) is a committee of the Board, from which it derives its authority and to which it reports on matters related to governance, risk management and internal control.

Membership

2. The Committee shall comprise of at least five members, which should include both lay persons and practising barristers. There must be a lay majority. Three Committee members must be Board Members, and there must be no fewer than two, but no more than three, members who are not Board Members.
3. A member of the Bar Council or any of its representative committees may not be a member of the Committee.
4. Appointments to the Committee are made by the Chair of the BSB in consultation with the Chair of the Committee (the “Committee Chair”). Appointments shall usually be coterminous with membership of the Board for members who are Board Members. For new members, who are not also Board Members, appointments shall be for a period of up to three years which may be extended for a further fixed period of up to three years.
5. The Chair of the BSB shall appoint the Committee Chair who shall be a lay person and Board Member. The Chair of the BSB shall not be the Committee Chair.
6. In the absence of the Committee Chair, or where the Committee Chair has declared an interest for a specific item, the remaining members present shall elect one of themselves to chair the meeting or item who would qualify under these terms of reference to be appointed to that position. If there is no such member present, the Committee shall not convene until such time as it can be constituted in accordance with these terms of reference.

Secretary

7. The Head of Governance and Corporate Services, or their nominee, shall act as the secretary to the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

Attendees

8. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Director General, senior management and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
9. The Chair and Vice Chair of the Board have the right to receive papers and to attend meetings of the Committee.

Quorum

10. The quorum for meetings of the Committee is three members.

Frequency

11. The Committee shall normally meet at least four times a year at appropriate times in the annual cycle and otherwise as required. A timetable of meetings and scheduled items for consideration will be agreed each year.
12. Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the BSB’s governance.

Notice of meetings

13. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair or any of its members.
14. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend at least four working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time. With the consent of the Committee Chair, shorter notice may be given.

Minutes of meetings

15. The secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
16. Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other Board Members and the Director General unless, exceptionally, it would be inappropriate to do so.

Written resolutions

17. The Committee may pass a resolution in writing provided that the written resolution has the consent of at least two-thirds of members of the Committee who would have been eligible to vote on the matter at a meeting. Consent may be given in any written form, including electronically, for example by email. The resolution must then be ratified at the next Committee meeting and minuted as such.

Responsibilities

18. Paying due regard to all relevant statutory, regulatory and best practice requirements, the Committee will carry out the following duties below for the BSB:
 - a) support the Board in achieving its strategic objectives by providing assurance on the effectiveness of governance structures, risk management processes and internal controls;
 - b) monitor and recommend to the Board action in respect of the effectiveness of the strategic arrangements for governance, risk management and internal audit;

Governance and Assurance

- c) consider how governance structures and arrangements maintain the independence of the BSB's regulatory functions and support achievement of the BSB's strategic aims and regulatory objectives, and to make recommendations to the Board;
- d) recommend the BSB's Assurance Framework to the Board and to ensure its continued effectiveness through periodic review; and

Risk

- e) advise the Board on overall risk tolerance and strategy and the principal and emerging risks the BSB is willing to take in order to achieve its long-term strategic objectives;
- f) make recommendations to the Board on its risk management strategy and processes;
- g) provide oversight and seek suitable assurance of the adequacy and effectiveness of risk management processes and procedures, monitoring compliance and challenging management on the adequacy of actions taken and planned;
- h) advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact;
- i) provide assurance to the joint Audit Committee of the Bar Council and the BSB on the effective operation of the processes to manage risk;

Controls and Internal Audit

- j) consider the effectiveness of the BSB's control systems and internal business processes;
- k) periodically review the Business Continuity Plan;
- l) approve the role and mandate of internal audit, monitor and review the effectiveness of its work;
- m) appoint the Board's Internal Auditors and review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, including any audit reviews that the Board wishes to be conducted and any audit reviews of shared services that are jointly commissioned with the GCB and receive regular reports on work carried out;
- n) ensure the internal auditor has direct access to the Chair of the BSB and to the Committee Chair, providing independence from the executive and accountability to the Committee;
- o) monitor and provide assurance to the Board on the effectiveness of the management response to issues identified by audit activity;

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Compliance

- p) receive assurance on the BSB's compliance with its statutory and regulatory obligations including Data Protection and Anti-Money Laundering Regulations;
- q) review the adequacy and security of the BSB's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing. The Committee shall ensure that these arrangements allow proportionate and independent investigations of such matters and appropriate follow up action; and
- r) review the BSB's procedures for detecting fraud.

Reporting responsibilities

- 19. The Committee Chair shall report to the Board on its proceedings at least annually on all matters within its duties and responsibilities, but more often if required.
- 20. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Other matters

- 21. The Committee shall:
 - a) ensure the periodic evaluation of the Committee's own performance is carried out;
 - b) have access to sufficient resources in order to carry out its duties;
 - c) oversee any investigation of activities which are within its terms of reference; and
 - d) at least annually, review these terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 22. To facilitate the Committee's discharge of its responsibilities in relation to particular items of business, if necessary, procure specialist ad-hoc advice at the expense of the BSB.