

Our values



Bold



Human



Credible



Together

Audit and Risk Committee Terms of Reference

March 2025



CANCER
RESEARCH
UK

Together we are
beating cancer

1. Constitution, Purpose and Conduct

- 1.1 The Audit and Risk Committee (**Committee**) is constituted as a committee of the Council of Trustees (**Council**) of Cancer Research UK (the **Charity**). These terms of reference set out the authority and responsibilities of the Committee, as delegated to it by Council. The Committee performs its role by providing independent oversight to Council.
- 1.2 The Audit and Risk Committee's purpose is to:
- provide structured systematic oversight of the Charity's governance, risk management and internal controls practices that may have an impact on the Charity's ability to meet its aims;
 - provide Council with objective advice, guidance and support regarding the adequacy and effectiveness of the organisation's systems and processes of governance, risk management and internal control and potential improvements; and
 - review the Annual Report and Accounts of the Charity, prior to making recommendation to Council.
- 1.3 The Committee shall have responsibility for direct oversight of management of risks that relate to those areas stated to be within its duties in these terms of reference. This recognises that the management of risks is shared between the committees of Council, in accordance with the authority delegated by Council (with risks relating to building and sustaining operations and change management overseen by the Audit and Risk Committee, risks relating to funding and managing research and innovation and influencing overseen by the Research Committee, risks relating to fundraising and income generation overseen by the Fundraising and Marketing Committee, risks relating to people by the People and Remuneration Committee and risks relating to financial management and stewardship by the Finance Committee).
- 1.4 The Committee shall in the course of its proceedings conduct itself in accordance with the Charity's Values, Code of Conduct and Code of Ethics.

2. Membership and Attendance

- 2.1 All Trustee members of the Committee shall be appointed by Council, on the recommendation of the Nomination and Governance Committee in consultation with the Chair of the Committee. There should be no fewer than three members of the Committee who shall be Trustees. The Chair of the Committee shall be a

- Trustee and shall be appointed as Committee Chair by Council. Ideally, at least one Trustee member should have a scientific, scientific research or medical background.
- 2.2 The Committee may, if it considers it necessary or desirable, co-opt Non-Trustee Committee Members with expertise to the Committee. Non-Trustee Committee Members shall be appointed by Council, on the recommendation of the Nomination and Governance Committee in consultation with the Chair of the Committee.
- 2.3 At least one member of the Committee should have recent and relevant financial experience and appropriate skills. The Committee shall also collectively have experience to enable the Committee to fulfil its duties (including but not limited to audit, governance, risks and internal controls).
- 2.4 As the responsibility of the Committee evolves in response to regulatory, economic and reporting developments, the Committee Chair will re-evaluate, at least annually, the members' competencies and the overall balance of skills on the Committee in response to emerging needs and to ensure an appropriate mix of skills.
- 2.5 The Chair of Council and the Treasurer shall not be members of the Committee.
- 2.6 Any Trustee (including the Chair of Council and the Treasurer) may attend a meeting of the Committee as an observer. The Committee Secretary should be informed who shall, in turn, inform the Chair of the Committee.
- 2.7 The Chief Executive (CEO), the Chief Operating Officer (COO), General Counsel, Finance Director, Head of Internal Audit and Risk Management and Business Continuity Lead shall normally attend the Committee meetings. Other non-members, including Risk and Assurance staff, Executive Directors and managers, may be invited to attend where business relevant to them is to be discussed. The Committee Chair will determine the need for closed sessions and attendance at such sessions.
- 2.8 The Head of Internal Audit shall have the right of direct access to the Committee Chair.
- 2.9 The external auditors shall be invited to attend meetings of the Committee on a regular basis.
- 2.10 At least once a year, the Committee will meet with the external auditors and separately with the Head of Internal Audit in the absence of management, to discuss any internal control issues and any other matters the meeting participants wish to discuss.

3. Length of Service

- 3.1 Members (Trustees and Non-Trustee Committee Members) shall serve on the Committee for a maximum of 2 terms (subject to the limited exception below). In the case of Trustee members, this shall consist of a maximum initial term (of approximately three years) commensurate with their initial term as a Trustee, after which they may be reappointed by Council for a further term of three years (commensurate with their second term as a Trustee). In the case of Non-Trustee Committee Members, this shall consist of a maximum initial term of three years, after which they may be reappointed by Council for a further term of no more than three years. If a Trustee is, by exception, reappointed for a third term as a Trustee (in accordance with the Charity's constitution), such Trustee may be appointed for a third term of no more than three years (commensurate with their third term as a Trustee), with the approval of Council. Continuance of Committee members (Trustees and Non-Trustee Committee Members) shall be reviewed, at the very least, prior to their reappointment for a further term.
- 3.2 Where possible, changes in membership should be phased to provide continuity.
- 3.3 Trustee members shall retire automatically from the Committee on ceasing to be a Trustee.

4. Secretariat

- 4.1 The Company Secretary or their nominee shall act as the Committee Secretary. The Secretariat function shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5. Quorum and Voting

- 5.1 The quorum necessary for the transaction of business is two Trustee Committee members. A duly convened meeting of the Committee 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 Committee.
- 5.2 Each Trustee shall have one vote. No resolution shall be passed unless the majority of Trustee Committee members present and in attendance vote in favour of the resolution. In the event of an equal vote, the Committee Chair (or in their absence, the chair of the Committee meeting in question) shall have the casting vote. Non-Trustee Committee Members shall not have voting rights.

6. Meetings

- 6.1 The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and at such other times as the Committee Chair shall require. Meetings of the Committee shall be called by the Committee Secretary at the request of the Committee Chair or any of the Committee's other Trustee members or at the request of the CEO, the COO, the General Counsel and/or the Finance Director.
- 6.2 Unless otherwise agreed notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers shall be forwarded to each Committee member and to any other person required to attend, no later than five working days before the date of the meeting.
- 6.3 The Chair of the Committee shall chair meetings of the Committee. In the absence of the Committee Chair or their appointed deputy, the remaining Trustee members present shall elect one of themselves to chair the meeting.

7. Minutes of Meetings and reporting procedures

- 7.1 The Secretary or their delegate shall minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.
- 7.2 Minutes of Committee meetings shall be reviewed by the Committee Chair and circulated promptly to all Committee members, following which they will be included on the Council agenda for information. A report of each meeting of the Committee will be circulated to the next Council meeting.
- 7.3 The Committee Chair (or their designate, where necessary or appropriate) will report to Council following each Committee meeting.

8. Annual General Meeting

- 8.1 The Committee Chair shall attend the Annual General Meeting of the Charity to respond to any questions on matters within the scope of the Committee's responsibilities.

9. Duties

The main duties of the Committee are:

- 9.1 ***Risk, Internal Control and Compliance***

- 9.1.1 Reviewing the effectiveness of the Charity's systems for internal control, financial reporting, compliance and risk management systems, including implementation of the three lines framework and business continuity management, in all key areas of activity under the oversight of the Committee, providing an annual assessment to Council and recommending appropriate statements for inclusion in the Annual Report and Accounts;
- 9.1.2 Reviewing and approving the Charity's risk management and assurance framework (including policies and processes for identifying, assessing and managing risks), advising and recommending improvements as necessary, setting a standard for accurate and timely reporting of large exposures and certain risk types of critical importance;
- 9.1.3 Overseeing the process of monitoring the Charity's risk appetite. Without limiting the delegated authority of the Committee, the Committee shall be responsible for monitoring principal risks that are outside of the Charity's risk appetite and monitoring principal risks that relate to building and sustaining operations and/or change management in the Charity's risk taxonomy and such other risks that may be agreed with the Committee Chair from time to time that are not within the delegated oversight of another committee of Council (and ensuring risks identified in the risk register relating to such areas are considered as part of the annual cycle of Committee business and as and when items are discussed);
- 9.1.4 Reporting to Council on the overall effectiveness of systems, reviewing material weaknesses in internal controls (and adequacy and progress of the proposed response) and escalating any specific areas of concern;
- 9.1.5 Receiving and reviewing regular consolidated reporting from across the Charity on the areas of risk, internal control and compliance for which it has oversight responsibility, including the report of the Operational Risk Committee;
- 9.1.6 Receiving and reviewing regular reporting on serious incident reports to the Charity Commission;

Effective operations

- 9.1.7 Ensuring the risk management, governance and assurance functions and Internal Audit function have adequate resources and appropriate access to information to enable each of them to perform their function effectively. The Committee shall also ensure the functions have adequate independence, as appropriate, free from management or other restrictions;
- 9.1.8 Reviewing promptly all audit and audit-related reports and monitoring the implementation of audit-based recommendations, from whatever source;

- 9.1.9 Ensuring that the Charity operates within the guidelines (financial and non-financial) set out in current legislation by the Charity Commission and any other regulators relevant to the Charity and in accordance with the Charity's Articles of Association;

Policies

- 9.1.10 Reviewing and/or being consulted on (as relevant) any material changes to the organisational wide policy framework and any changes to the Codes and policies/requirements set out in the Appendix;

Fraud, Anti-Money Laundering, Anti-Bribery and Corruption and Whistleblowing

- 9.1.11 Reviewing the effectiveness of the Charity's policies and procedures relating to fraud, money laundering, bribery and corruption, including receiving reports of any action taken under these policies and procedures;
- 9.1.12 Ensuring that all significant losses of the Charity have been properly investigated and reported to the internal and external auditors and where appropriate the Charity Commission and other relevant external authorities;
- 9.1.13 Overseeing the Charity's procedures on whistleblowing, ensuring they allow proportionate and independent investigation of such matters and appropriate follow up action, and recommending any changes to Council;
- 9.1.14 Receiving an overview of the key risks and control strategies on at least an annual basis relevant to fraud and whistleblowing;

Information Security, Cybersecurity and Data Protection

- 9.1.15 Reviewing the effectiveness of the Charity's policies and procedures relating to information security, cybersecurity and data protection, including receiving reports of any breaches (ensuring they have been properly investigated and reported to the relevant external authorities, where required or appropriate) and any action taken under these policies and procedures;
- 9.1.16 Receiving an overview of the key risks and control strategies on at least an annual basis relevant to data privacy, cybersecurity and information security; and

Sustainability/ESG

- 9.1.17 Reviewing and overseeing the Charity's approach on reporting on ESG/Sustainability, and the integrity of the systems and processes which inform

the Charity's reporting and decision-making on ESG/Sustainability.

9.2 **Financial Reporting**

9.2.1 Reviewing the Annual Report and Accounts and related reports, with particular attention given to assurance gained over the effectiveness of:

- (a) Critical accounting policies and practices, and any changes in them and reporting these to Council;
- (b) Judgements involving estimations;
- (c) The extent to which the financial statements are affected by any unusual transactions in the year and the clarity of disclosure;
- (d) Significant adjustments resulting from the external audit; and
- (e) Compliance with accounting standards and regulatory requirements.

9.2.2 The Committee shall advise Council on whether, taken as a whole, the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for readers to assess the Charity's position, performance, operating model and strategy and, if appropriate, shall recommend to Council that it approve the Annual Report and Accounts of the Charity. The Committee shall review the assurances provided by management in relation to the effectiveness of the Charity's risk, assurance, governance and control environment prior to making such recommendation.

9.3 **External Audit**

To provide oversight of the external audit arrangements, including:

- 9.3.1 Recommending to Council, for it to put to the members for their approval in general meeting, the appointment, re-appointment and/or removal/resignation of the external auditors and approving the external auditor's audit fee and terms of engagement;
- 9.3.2 Approving the Auditor independence Requirement (as per the Appendix) including the list of authorised and prohibited services, as well as any applicable limits for pre-approval of non-audit services, and generally ensuring that the provision of non-audit services does not impair the external auditors' independence or objectivity;
- 9.3.3 Discussing with the external auditor, before the audit commences, the nature and scope of the audit and reviewing the external auditors' quality control procedures and steps taken by the external auditor to respond to changes in regulatory and other requirements;
- 9.3.4 Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the external audit process, taking into consideration

relevant UK professional and regulatory requirements; and

- 9.3.5 Reviewing the external auditor's management letter and management's response, and recommending the annual management representation letter to Council for its approval.

9.4 **Internal Audit**

To provide oversight of the internal audit arrangements in line with its commitments under the Internal Audit Charter, including;

- 9.4.1 Authorising the appointment or removal of the Head of Internal Audit and participating in discussions relating to the monitoring of their performance;
- 9.4.2 Reviewing and approving, at least every two years, the Internal Audit Charter;
- 9.4.3 Considering and approving the risk-based Internal Audit Plan or programmes of work of the Internal Audit function, including the provision of any non-audit services by the Internal Audit function;
- 9.4.4 Monitoring the quality of Internal Audit work and ensure a quality assurance and improvement programme has been established and reviewed regularly;
- 9.4.5 Reviewing the results of the work of the Internal Audit function as well as other assurance providers (as well as any insights from other sources into the operation of the internal control environment) and the action taken in response to ensure that issues raised are dealt with appropriately; and
- 9.4.6 Make appropriate inquiries of management and the Head of Internal Audit to determine whether the independence and authority of the function has been maintained, for example, if the function has encountered any inappropriate scope or resource limitations.

10. Delegated Authority

The Committee is authorised by Council to:

- 10.1 Investigate any activity within its terms of reference;
- 10.2 Seek any explanatory information that it deems necessary or reasonable to discharge its responsibilities, including unrestricted access to management, employees, contractors and volunteers of the Charity and relevant information it considers necessary to discharge its duties. The Committee will also have unrestricted access to records, data and reports and the Charity's management and staff shall cooperate with requests of the Committee; and
- 10.3 Obtain independent professional or legal advice as necessary, within reasonable financial limitations and in accordance with the Charity's expenditure policy and

processes.

11. Other

- 11.1 The Committee shall, at least once a year, review its own performance, constitution and these terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to Council for approval. In any year when Council is conducting an external effectiveness review, the requirement for the Committee to review its own performance shall not apply.

Appendix

OVERSIGHT OF POLICIES AND REQUIREMENTS¹

Policy/Requirement	Committee Action	Council Approval
Code of Conduct	Consult	Yes
Code of Ethics	Consult	Yes
Acceptable Use of Resources Policy	Consult	Yes
Anti Money Laundering Requirement	Consult	Yes
Information Security and Data Protection Policy	Consult	Yes
Serious Incident Identification and Reporting Requirement	Consult	Yes
Whistleblowing Requirement	Consult	Yes
Auditor independence Requirement	Approve	No



Cancer Research UK is a registered charity England and Wales (1089464), Scotland (SC041666), the Isle of Man (1103) and Jersey (247).

¹ Under the Schedule of Reserved Matters, Council delegated authority to Council Committees to approve minor amendments and to Executive Board to approve minor administrative revisions to policies/requirements otherwise reserved to it. Substantive changes remain reserved to Council for approval.

