

# Risk Committee: terms of reference

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Approved by the Board of Trustees on 30 March 2021

## Purpose

The Risk Committee (hereafter called the Committee) is a sub-committee of the Board of Trustees of the British Council (hereafter called the Board). The Committee supports the Board in its overall responsibility for risk management.

## Membership and attendees

1. All Committee members shall be appointed by the Board of the British Council.
2. The Committee shall comprise at least three members, of which at least two members (including the Chair) shall be trustees and at least one member shall also be a member of the Audit and Finance Committee.
3. In addition, the Committee may co-opt independent members to provide specialist skills, knowledge and experience subject to those appointments being approved by the Board. Co-opted members may serve a term of up to three years, renewable once.
4. Committee members shall be selected such that the Committee as a whole has a broad range of skills and experience commensurate to its responsibilities.
5. Members will be independent of management and free from any factor which might interfere with the exercise of independent judgement.
6. Where possible, and without compromise to the balance of skills, the composition of the Committee should be diverse.
7. As Accounting Officer, the Chief Executive is accountable to Parliament for the identification and mitigation of risks pertaining to the British Council. In order to properly execute these responsibilities, the Chief Executive may attend and participate in Committee meetings.
8. The Director Internal Audit and Risk, Head of Risk, Chief Operating Officer, Head of Legal and Director Global Network are expected to attend Committee meetings.

## Secretary

9. The Secretary of the Committee shall be the Secretary to the Board, or another member of British Council staff as agreed by the Secretary to the Board and the Chair of the Committee.

## Quorum and frequency of meetings

10. The quorum will be two members, at least one of whom must be a trustee.
11. The Committee will meet regularly and a minimum of three times a year. The Chair may call an additional Committee meeting at any time.

## Conflicts of interest

12. Conflicts of interest of members, including any co-opted members, shall be declared and managed in line with the procedure for trustees set out in clause 13 of the Royal Charter.

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## Minutes of the meeting

13. The Secretary shall take minutes of all Committee meetings.
14. Draft minutes shall be circulated promptly to the Chair for initial review prior to circulation as a draft to the Board. The minutes shall be submitted for approval at the next Committee meeting.
15. Once approved and signed the minutes shall be retained as part of the organisation's records.

## Duties

16. The Committee oversees the enterprise risk management framework and reviews the principal risks and the effectiveness of related mitigating actions (with the exception of those related to financial plans, performance and related management processes and reporting, which are reviewed by the Audit and Finance Committee). The Committee holds management to account for identifying and managing key risks in line with the risk appetite articulated by the Board.

### **The Committee's responsibilities include:**

#### **Risk appetite tolerance strategy**

17. Reviewing annually the British Council's risk appetite and making recommendations to the board on proposed changes.
18. Supporting the Board in determining the nature and extent of the principal risks it is willing to tolerate to achieve its strategic objectives.
19. Overseeing and advising the board on the organisation's current risk exposures, 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.
20. Advising the Board on future risk strategy.

#### **Internal control and risk management systems**

21. Reviewing the adequacy and effectiveness of the organisation's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems.
22. Reviewing the organisation's capability to identify and manage new and emerging risks.
23. Providing a healthy challenge to management on its approaches to managing specific risks, including consideration of alternative approaches seen elsewhere.
24. Considering the organisation's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.
25. Monitoring incidents reported through the Speak Up process and reviewing the effectiveness of the group's procedures for preventing and detecting such incidents.
26. Ensuring that the risk, compliance and assurance culture is robust, embedded and effective in reducing risk across the organisation. This excludes financial risk which is addressed by the Audit and Finance Committee.
27. Reviewing and monitoring management's responsiveness to the recommendations and findings of the Director Internal Audit and Risk and Head of Risk.
28. Reviewing the amount and adequacy of resources allocated to risk management.

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## Reporting

29. The Chair of the Committee [or in their absence another trustee member of the Committee] shall report to the Board at the next Board meeting.
30. The Committee shall formally report on its work to the board once a year.
31. The Committee shall support the Board's review of risk related disclosures in the annual report.
32. The Committee's effectiveness shall be considered as part of the externally facilitated board effectiveness review.
33. The Chair of the committee has direct access to report to the Chairman of the Board as required

## Authority

34. Management is responsible for implementing the risk management process and the mitigation of risks in line with the risk appetite set by the board. The Committee's role is therefore to review and challenge management on the effectiveness of the implementation of the enterprise risk management framework. The Committee has the following access and function:
  - full access to all information and staff in the British Council. It may delegate this right to British Council staff;
  - full access to any third-party advisor it may request;
  - to provide input to the assessment of the performance of the Director Internal Audit and Risk and the Head of Risk;
  - engagement in the recruitment of a new Director Internal Audit and Risk and Head of Risk;
  - an advisory function: supporting the full Board which retains ultimate responsibility for the management of risk;
  - to invite other people to attend its meetings, including external representatives or other British Council staff.

## Review of these terms of reference

The Committee shall review its terms of reference annually and submit any proposed changes to the Board for approval