

# Terms of reference – Audit Committee

## 1. Role

The overarching role of the Audit Committee is to oversee PKF Littlejohn's (PKF LJJ) system of internal control and risk management and review the independence and effectiveness of the external auditors.

## 2. Composition

Audit Committee members, including the Chairman of the Committee, are appointed by the Board based on the respective experience and knowledge of finance, audit and governance matters of those individuals. There will be a minimum of three members of the Audit Committee with at least one Independent Non-Executive Director (INED) appointed.

## 3. Authority

Members of the Audit Committee are authorised by the Board to obtain any required information from Partners and staff to perform its duties.

The Audit Committee is also permitted to invite key individuals, such as the Chief Financial Officer or members of the Leadership Team, to attend all or part of any meeting as and when required.

## 4. Meetings

The Audit Committee will meet at appropriate times in the financial reporting and audit cycle, but no less than two times a year.

PKF LJJ's external auditors will be invited to attend the meetings of the Audit Committee as and when deemed necessary.

## 5. Duties

The Audit Committee's duties are set out as follows:

- overseeing the selection process and making recommendations to the Board about the appointment, re-appointment and removal of PKF LJJ's external auditors;
- approving the remuneration and terms of engagement of the external auditors including any applicable non-audit services provided by the external auditors;
- reviewing and monitoring the independence and objectivity of PKF LJJ's external auditors;
- reviewing the effectiveness of the external audit process and provision of non-audit services, taking into consideration relevant UK professional and regulatory requirements;
- monitoring the integrity of PKF LJJ's statutory financial statements and reviewing the significant financial reporting judgements contained within those financial statements;

- providing advice to the Board on whether the annual report and financial statements, as a whole, are fair, balanced and understandable and provide the required information for Partners to assess the position and performance of PKF LJJ;
- monitoring the effectiveness of PKF LJJ's systems of internal control and risk management;
- conducting, at least annually, a review of the effectiveness of PKF LJJ's system of internal control and reporting on that review within PKF LJJ's transparency report;
- reporting to the Board on how it has discharged its responsibilities; and
- publishing an annual report describing the work of the Audit Committee and how it has discharged its duties.