

**WS ATKINS PLC**  
**AUDIT COMMITTEE**  
**TERMS OF REFERENCE**

**Constitution**

1. The Board has established a Committee of the Board known as the Audit Committee.

**Membership**

2. The Committee shall be appointed by the Board from amongst the independent Non-Executive Directors of the Company and shall consist of not less than three members. A quorum shall be two members. At least one member should have recent relevant financial knowledge and experience.

The Nomination Committee will review membership and attendance annually.

3. The Chairman of the Committee shall be appointed by the Board. In the absence of the Committee Chairman, the remaining members present shall elect one of their number present to chair the meeting.

**Attendance at Meetings**

4. The Committee may ask the Chairman, Chief Executive, Group Finance Director and any relevant senior manager to attend meetings either regularly or by invitation, but the invitees have no right of attendance.
5. The Committee shall ask a representative of the external auditors and the Head of Internal Audit to attend all meetings. The Committee should have at least one meeting, or part thereof, with the external auditor without management being present.
6. The Company Secretary or their nominee shall be the Secretary of the Committee.
7. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

**Frequency of Meetings**

8. Meetings shall be held not less than three times a year, preceding the Board's consideration of the half-year and annual accounts, and at other such times as the Committee shall require. The external auditors may request a meeting if they consider that one is necessary.

**Authority**

9. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any director or employee and all directors and employees are directed to co-operate with any request made by the Committee.
10. The Committee is authorised by the Board to obtain outside legal or other independent professional advice if it considers this necessary.
11. The Committee reviews the effectiveness of the control mechanisms in place to manage the Company's risk. It is within the Board's authority to judge whether the risk arising from the systems is acceptable.

**Duties**

12. The duties of the Committee shall be:

**Internal Control and Risk Assessment**

The Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks.

**Internal Audit**

The Committee shall consider and approve the appointment of the head of the internal audit function; any dismissal of the post holder should be considered by the Committee.

The Committee shall review and assess the internal audit plan.

The Committee shall consider and approve the terms of reference of the internal audit function, and shall be advised of the planned programme of audits and the reason for any change or delay in the programme.

The Committee shall meet with the Head of Internal Audit at least once a year without management being present to discuss their remit and any issues arising.

The Committee shall keep under review the Company's internal controls and risk management systems and review and approve all statements in the annual report and accounts with regard to risk management.

The Committee shall review the management of financial matters and focus upon the freedom allowed to the internal auditors.

The Committee shall monitor the effectiveness of the internal audit function in the context of the Company's overall risk management system.

The Committee shall review and monitor management responsiveness to the findings and recommendations of the internal auditors.

The Committee shall consider promptly all reports on the Company from the internal auditors.

The Head of Internal Audit shall be given the right of direct access to the Chairman of the Committee.

### **External Audit**

The Committee shall consider and make recommendations to the Board as regards the appointment and re-appointment of the Company's external auditors, and shall ensure that key partners within the appointed firm are rotated from time to time.

The Committee shall meet with the external auditors at least twice each year, once at the planning stage, where the scope of the audit will be considered, and once post audit at the reporting stage, and shall ensure that any auditors' management letters and management's responses are reviewed.

The Committee shall keep under review the relationship with external auditors including (but not limited to):

- the independence and objectivity of the external auditors;
- review the annual audit plan and ensure it is consistent with the scope of engagement;
- assess annually the qualifications of the external auditors, their exposure and their resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- the consideration, and recommendation to the Board, of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities; and
- discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Company's internal auditing standards.

### **Financial Statements**

The Committee shall keep under review the consistency of accounting policies both on a year to year basis and across the Company/Group.

The Committee shall review and challenge where necessary the Company's financial statements taking into account:

- decisions requiring a major element of judgement;
- the extent to which the financial statements are affected by any unusual transactions;
- the clarity of disclosures;
- the consistency of disclosures;
- significant adjustments resulting from the audit;
- the going concern assumption;

- compliance with accounting standards;
- compliance with stock exchange and other legal requirements; and
- reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company.

### **Reporting Responsibilities**

The Secretary shall circulate the Minutes of meetings of the Committee to all members of the Board.

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall report to shareholders on its activities via the Corporate Governance Report to be included in the Company's annual report.

### **Employee Disclosure (Whistleblowing)**

The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

### **Other Matters**

The Committee shall give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate.

The Committee shall be responsible for co-ordination of the internal and external auditors in the event of a failure of the normal means of co-ordination through the Group Finance Director.

The Committee shall oversee any investigation of activities, which are within its terms of reference and act as a court of the last resort.

The Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

The Committee should be provided with appropriate and timely training, both in the form of an induction for new members and on an ongoing basis for existing members.