

## **(ii) Audit**

### **Terms of Reference**

#### Constitution

The Committee of Management ("CoM") hereby resolves to establish a sub-committee of the CoM to be known as the Audit Committee ("the Committee").

#### Membership

The Committee shall be appointed by the CoM from amongst the non-executive CoM members and shall consist of not less than three members. A quorum shall be two members.

The Chairman of the Committee shall be appointed by the CoM.

#### Attendance At Meetings

The Chief Executive and representatives of the internal and external auditors shall be invited to attend meetings. Other CoM members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without any executive CoM members present.

The Chairman shall also act as Secretary of the Committee.

#### Frequency Of Meetings

Meetings shall be held not less than three times a year and at other times as the Chairman of the Audit Committee shall require. The external auditors or the Society Chairman may request a meeting if they consider one is necessary.

#### Authority

The Committee is authorised by the CoM to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the CoM to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

#### Duties

The duties of the Committee shall be:

1. to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal.
2. to delegate the Secretary to discuss with the external auditors before the audit commences the nature and scope of the audit.
3. to review the annual financial statements before submission to the CoM, or approve them if so authorised by the CoM to do so, focusing particularly on: any changes in accounting policies and practices major judgmental areas significant adjustments resulting from the audit the going concern assumption compliance with accounting standards compliance with legal requirements review the Society's annual statement on corporate governance
4. to monitor any formal announcements relating to the Society's financial performance.
5. to discuss problems and reservations arising from the interim and final audits, and any matters, which the auditor may wish to discuss.
6. to review the external auditor's management letter and management's response.
7. to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.
8. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
9. to review the integrity of the internal control and risk management systems including the identification, assessment and reporting of risks.
10. to review the Internal Audit Work Programme, ensure co-ordination between the internal and external auditors, and ensure that the Internal Audit function is adequately resourced and has appropriate standing within the Society.
11. to review the Annual Compliance Plan and the results of the compliance monitoring activity and to ensure the compliance function is adequately resourced and has appropriate standing within the Society.
12. to review the risks and controls relating to information systems, including security.
13. to consider the major findings of internal investigations and management's response.
14. to review the Financial Condition Report as produced by the Actuary.
15. to approve the Internal Audit Charter (Terms of Reference).
16. to consider other topics, as defined by the CoM.
17. To review internal auditors' audit programme
18. To review Society risks & control
19. To review all recommendations made by internal auditors

20. To review the compliance officer's report and recommendations.

#### Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the CoM. The Chairman will report to the CoM at their next meeting.