

WILTSHIRE FRIENDLY SOCIETY LIMITED
AUDIT, RISK & COMPLIANCE COMMITTEE
TERMS OF REFERENCE

1. CONSTITUTION & AUTHORITY

The Audit, Risk & Compliance Committee (the Committee) is set up by resolution of the Board of Management (the Board), and under its direct authority.

2. PURPOSE

- To advise the Board on the co-ordination and prioritisation of risk management issues throughout the Society and develop a strategy for risk management for approval by the Board.
- To provide the Board with oversight of the Society's governance and regulatory compliance arrangements, and related policies and procedures, and monitor their effectiveness.
- To advise the Board on the appointment of the External and Internal Auditors – and in association the audit fee, the terms of engagement, the provision of any non-audit services and any questions of resignation or dismissal.
- To advise the Board whether the annual Financial Statements are true, fair and not misleading and provide appropriate information necessary for members to assess the Society's position, performance and strategy.
- To assist the Board in the design and implementation of systems for the prevention and detection of fraud and error.

3. MEMBERSHIP

The Committee will comprise of four non-executive members of the Board, one of which is to be appointed the Chair of the Committee. The Chief Executive will attend meetings in an advisory capacity only. Membership of this Committee should also include at least one member of the accountancy profession.

The Committee is supported by professional advisers in the following fields:

- External Audit
- Internal Audit

A quorum shall be four, of which three must be non-executive members of the Board.

4. MEETINGS

Meetings shall take place against a pre-determined timetable, at least twice per year, normally in April and November.

The Chair may convene additional meetings as required. Any member of the Board of Management can request an interim report at any time and can attend any meeting.

Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to all attendees no later than three working days before the date of the meeting.

Supporting papers shall also be made available to all attendees at the same time, unless they personally relate to the attendee.

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5. ROLE & RESPONSIBILITIES

Risk

- Advise the Board on the co-ordination and prioritisation of risk management issues throughout the Society and develop and recommend a strategy for risk management for approval by the Board;
- Encourage and foster an awareness of risk management at all levels in the Society;
- Recommend to the Board a Risk Management Strategy and annual risk management report, as evidenced through the Risk Management Policy and the Risk Register;
- Promote risk awareness and give advice to the Board on the information, instruction and training requirements of staff;
- Consider urgent and ad hoc issues and where appropriate refer them to the Board with risk action plans;
- Assess and report to the Board on the nature of the risks undertaken by the Society and recommend suitable strategies and monitoring controls to be undertaken in order to minimise those risks;
- Keep under review the effectiveness of Society's risk management infrastructure. This will include:
 - an assessment of risk management procedures (for the identification, measurement and control of key risk exposures) in accordance with changes in the operating environment;
 - where appropriate, consideration of Risk audit reports on the key business areas to assess the level of business risk exposure;
 - consideration of any major findings of the Financial Conduct Authority and Internal/External Audit's risk management reviews and Management's response;
 - an assessment of the risks of new ventures and other strategic initiatives.
 - an assessment of the Society's Governance and Compliance risk as evidenced through the Governance & Compliance Monitoring Plan and associated report.
 - an assessment of the Society's Data Governance Policy and Framework.

Audit & Accounts

- Discuss with the External Auditor problems and reservations arising from audit visits, including a review of the management letter incorporating management responses, Letter of Representation, and any other matters the External Auditors may wish discuss (in the absence of management where necessary);
- Review the Internal Auditors' Audit Needs Assessment and the audit plan; consider major findings of Internal Audit investigations and management's response; and promote co-ordination between the Internal and External Auditors. The Committee will ensure that the resources made available for Internal Audit are sufficient to meet the Society's needs (or make a recommendation to the Board, as appropriate);
- Keep under review the effectiveness of internal control and risk management systems, and in particular review the External Auditors' management letter, Letter of Representation, the Internal Auditors' annual report, and management responses;
- Monitor the implementation of agreed audit-based recommendations, from whatever source;
- Monitor annually the performance and effectiveness of External and Internal Auditors, taking into account relevant UK professional and regulatory requirements and make recommendations to the Board concerning their reappointment, where appropriate;
- Oversee the Society's policy on fraud and irregularity, including being notified of any action taken under that policy;
- Receive any relevant reports from the regulator and other Societies;
- Annually review the work, performance and cost effectiveness of the Appointed Actuary and make recommendation to the Board as to the continued appointment, or requirement to change;
- Ensure the minutes (or a report) of meetings of the Committee are made available to all members of the Board and that a report is made to the Board at its next available meeting following that of the Committee;

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5. ROLE & RESPONSIBILITIES (Continued)

- Report to the Board at least annually on its review of the effectiveness or otherwise of the Society's internal control systems;
- Receive (or prepare) annual reports as follows and ensuring that the Board approve them before final approval and submission of the Society's Statutory Financial Statements is made:-
 - External Auditor's SAS 610 report & Management Letter for the year
 - Internal Auditor's Report for the year
 - IPRU (FSOC) FSC2 and FSC4 as required
 - Letter of Representation
- Ensure the provisions regarding the disclosures as set out in the Association of Financial Mutual's Combined Governance Code and applicable Financial Reporting standards are met.

Compliance

- To receive, review and approve the annual Compliance Monitoring Plan.
- To monitor arrangements for, and the achievement of, compliance with statutory and other requirements, governance and financial reporting.
- To receive, review and approve the annual Compliance Report, which includes annual reports on:
 - Anti-Money Laundering
 - Anti-bribery and Corruption
 - Data Protection & Information Security
 - Complaints
- To receive assurance that the Society has robust processes and internal controls in place and that they are effective in identifying, managing, monitoring and reporting risks the Society is or may be exposed to.
- Ensuring the provision of, and to monitor and review effectiveness of, compliance related policies and procedures.