



# Audit & Risk Subcommittee

March 2024

<b>POLICY IMPLEMENTATION CHECKLIST</b>	
Policy Guardian:	PAUL MURPHY
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Approved by Director:	19 March 2024
Effective From:	26 March 2024
Date of Next Review:	March 2029
Diversity compliant:	YES
Equality Impact Assessment:	LOW
Data Protection compliant:	YES
Health & Safety compliant:	YES
Procedure implemented:	YES
SDM system changes made:	N/A
Training Completed:	
Posted on Sharepoint:	
Posted on website:	

The Audit & Risk Subcommittee exists to advise the Management Committee on:

- External Audit;
- Internal Audit;
- Financial Control;
- Internal Controls
- Risk Management;
- Policy Review; and

to make decisions on matters delegated to it by the Management Committee, as listed within this remit.

It is the responsibility of the Audit & Risk Subcommittee to monitor the integrity of the financial statements of the RSL and any formal announcements relating to the Co-operative's financial performance, and reviewing significant financial reporting judgements contained in them.

## **1. Constitution and Composition of the Audit & Risk Subcommittee**

- 1.1 The Audit & Risk Subcommittee will have sufficient authority and resources and to consult widely, both internally and externally as required. The Audit & Risk Subcommittee is authorised to seek relevant and appropriate information to support its activities and to obtain necessary external professional advice within these Terms of Reference, in line with budget provision.
- 1.2 The Audit & Risk Subcommittee will act in an advisory capacity to the Management Committee but will also be able to take decisions as defined within its delegated authority.
- 1.3 At least three non-executive members of the Management Committee shall serve on the Audit & Risk Subcommittee. The Management Committee must be satisfied that at least one non-executive member of the Subcommittee has recent and relevant financial and/or internal/external audit experience; or is willing to undertake relevant training.
- 1.4 The Chair of the Co-operative may be a member of the Audit & Risk Subcommittee - but shall not be Chair of the Subcommittee.
- 1.5 The Audit & Risk Subcommittee will have the right to report directly to the Chairperson of the Co-operative.
- 1.6 Three members of the Audit & Risk Subcommittee shall form a quorum (excluding co-opted members).

- 1.7 The Subcommittee Chair will be elected from amongst the members of the Audit & Risk Subcommittee at its first meeting following the Annual General Meeting of the Co-operative.
- 1.8 If the Chair is absent from a meeting of the Audit & Risk Subcommittee, the other members will select one of their number to chair the meeting, who shall be entitled to use the casting vote
- 1.9 The Audit & Risk Subcommittee is subject to the Rules of the Co-operative, to the overall authority of the Management Committee, to the Standing Orders and to all the Policies approved by the Management Committee.

## **Audit & Risk Subcommittee Tasks**

### **2. External Audit**

- 2.1 Receive from the external auditor the annual report/management letter, consider its recommendations, report to the Management Committee on its implications and monitor the implementation of any recommendations.
- 2.2 Ensure whether or not the Co-operative is getting good value for money from its external auditor.
- 2.3 Review the external audit work on behalf of the Management Committee.
- 2.4 Recommend to the Management Committee the re-appointment or otherwise of the external auditor.
- 2.5 Recommend to the Management Committee the fee to be paid to the external auditor.
- 2.6 The External Auditor has the right of access to the Audit & Risk Subcommittee Chair and also the right to request a meeting of the Audit & Risk Subcommittee be convened, if in their opinion it is necessary.

### **3. Internal Audit**

- 3.1 Ensure that the Co-operative has appropriate internal audit arrangements and to approve the scope and/or limitations of such arrangements.
- 3.2 Review and monitor the effectiveness of the Co-operative's internal audit function and make recommendations to the Management Committee regarding the appointment, reappointment and removal of the internal auditor.
- 3.3 Input, review and approve the planned programme of internal audit work to ensure its appropriateness.

- 3.4 Receive and consider reports, setting out the Internal Auditor's findings and recommendations for those parts of the system of internal control reviewed (audit topics).
- 3.5 The Audit & Risk Subcommittee should meet with the Internal Auditor, at least once a year, without officers being present, to ensure there are no unresolved issues of concern.
- 3.6 The Internal Auditor has the right of access to the Audit & Risk Subcommittee Chair and also the right to request a meeting of the Audit & Risk Subcommittee be convened, if in their opinion it is necessary.

#### **4. Financial Control**

- 4.1 The Audit & Risk Subcommittee will review in detail the five-years financial projections, the loan portfolio and the Treasury Management report. These reports will still be presented to the Management Committee; however, the Audit & Risk Subcommittee will undertake the detailed scrutiny.

#### **5. Internal Control**

- 5.1 Satisfy the Management Committee that there is a sufficient, systematic review of the internal control arrangements of the Co-operative, both operational (relating to effectiveness, efficiency and economy) and of financial reporting controls.
- 5.2 Ensure that weaknesses in control are being corrected and reported to the Management Committee accordingly.
- 5.3 Consider the external auditor's management letter.
- 5.4 Learn from the internal audit function of any major audit findings, determine any action required, monitor its implementation, and report to the Management Committee thereon.
- 5.5 Commission special investigations into matters of particular concern relating to internal control, if deemed appropriate.
- 5.6 Review and report on all Registers i.e. Fraud, Bribery and Corruption, Payments and Benefits, Gifts and Hospitality and Declarations of Interest to each Audit & Risk Subcommittee meeting.

#### **6 Risk Management**

- 6.1 Maintain and review the Co-operative's Risk Management policy and framework.
- 6.2 Monitor and review the Co-operative's Risk Map and progress against key risks.

6.3 Present a Risk Management Report to the Management Committee on a six-monthly basis including details of the key risks facing the Co-operative, action taken and a copy of the Co-operative's full risk map.

## **7. Policy Review Timetable**

7.1 Monitor the Co-operative's policy review timetable to ensure all policies due for review are being reviewed timely by the 'Performance, Staffing and Health & Safety Subcommittee'; then presented to the Management Committee for approval.

## **8. Reporting by the Audit & Risk Subcommittee**

8.1 All members of the Management Committee, who are not members of the Subcommittee, will receive a copy of the full minutes of each meeting.

8.2 The Chair of the Audit & Risk Subcommittee will speak to the minutes of the last Subcommittee's meeting, at the next meeting of the Management Committee; and account to the Management Committee for all decisions taken under delegated authority.

## **9. Equal Opportunities Policy**

9.1 Comply with the terms of the Co-operative's Equal Opportunity policy insofar as they relate to the remit of the Audit & Risk Subcommittee to prevent discrimination taking place.

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