



# CS Healthcare Risk, Compliance and Governance Committee Terms of Reference

<b>Author</b>	Holly Scott, Company Secretary
<b>Creation Date</b>	September 2016
<b>Board Approval</b>	22 March 2018
<b>Review Date</b>	March 2019
<b>Version</b>	V2
<b>Owner</b>	Nigel Fawcett, Risk, Compliance and Governance Committee Chair

## 1. Role

- 1.1. The Risk, Compliance and Governance Committee (RCGC) will report to the Board on the effectiveness and appropriateness of the Society's risk management processes, compliance framework, operational (and financial) controls and governance arrangements.
- 1.2. The RCGC is independent of the executive management of the Society.

## 2. Membership

- 2.1. The Committee shall be made up of not less than three non-executive directors appointed by the Board from time to time. Appointments shall be on the recommendation of the Nominations Committee in consultation with the Chair of the Committee.
- 2.2. The Chair of the Board shall not be a member of the Committee.

## 3. Chair

- 3.1. The Board shall appoint one of the non-executive members of the Committee to be Chair of the Committee, on the recommendation of the Nominations Committee, and shall determine the period for which he/she is to hold office.
- 3.2. The Chair of the Committee has responsibility for reviewing the performance of the Committee.
- 3.3. In the absence of the Chair of the Committee, and any nominated deputy, the members present shall elect one of themselves to chair the meeting.

## 4. Secretary

- 4.1. The Company Secretary, or with the agreement of the Chair his/her nominee, shall be Secretary of the Committee unless the Committee determines otherwise.

## 5. Meetings

- 5.1. The Committee should meet as often as is required and in any case not less than 4 times a year.
- 5.2. Additional meetings may be called or the meeting timetable changed by the Chair of the Committee in consultation with members of the Committee; or by the Chair of the Committee at the request of the Chief Risk Officer when he/she considers a meeting to be necessary.
- 5.3. In addition the Board may ask the Committee to meet to consider specific issues.

## **6. Quorum**

**6.1.** The Board may determine the quorum for meetings of the Committee from time to time. In the absence of any such determination, the quorum will be two.

## **7. Attendance**

**7.1.** Only members of the Committee are entitled to be present at the meetings of the Committee. Other Board members may attend all or part of a meeting with the agreement of the Chair of the Committee.

**7.2.** The Chair of the Committee shall decide if non-members should attend. It is expected that the following will normally attend:

- Chief Executive and/or Deputy Chief Executive
- Finance Director
- Chief Risk Officer
- Head of Internal Audit

**7.3.** Other members of the Senior Management Team and risk owners/managers will be expected to attend as required.

**7.4.** The Committee may invite external advisers to attend meetings where it considers this to be appropriate.

## **8. Notice of Meetings**

**8.1.** Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee.

**8.2.** Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, all other non-executive directors and any other person expected to attend and to the internal auditors no later than 5 working days before the date of the meeting.

**8.3.** Supporting papers shall be forwarded to members of the Committee, to everyone attending the meeting and to the internal auditors no later than 5 working days before the meeting.

## **9. Minutes of Meetings**

**9.1.** The Secretary, or with the agreement of the Chair of the Committee his/her nominee, shall minute the proceedings, discussions and resolutions of all Committee meetings including the names of those in attendance and any declarations of conflicts of interest.

**9.2.** The Secretary shall provide the Chair of the Committee with draft minutes of a meeting within 7 working days of the meeting. Draft minutes shall be circulated to other members of the Committee and the Chief Executive within 15 working days of the meeting.

**9.3.** The Secretary shall circulate agreed minutes of the meeting of the Committee to:

- members of the Committee;
- Chief Executive, Deputy Chief Executive, Finance Director and Chief Risk Officer;
- other non-executive directors
- the internal auditors; and
-

- others as may from time to time be agreed by the Committee.
- 9.4.** Final minutes of the meetings of the Committee, signed by the Chair of the Committee, should be maintained for the Society's records.

## **10. Conduct of Business**

- 10.1.** The Chair of the Committee shall submit a report to the Board following each Committee meeting, and at other times as appropriate.
- 10.2.** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.
- 10.3.** The Committee shall meet separately with the internal auditors to discuss any matters which they or the auditors consider should be discussed privately. The Committee shall do so at least once a year.
- 10.4.** The Chief Risk Officer, the head of internal audit and the senior external auditor shall have confidential access to the Chair of the Committee.
- 10.5.** The Chair of the Committee will maintain a dialogue with key individuals involved in the Society's governance including the Chair of the Finance Committee; Chair of the Audit Committee; Chief Executive; Finance Director; and the Head of Internal Audit.

## **11. Responsibilities**

- 11.1.** To advise the Board on overall risk appetite, tolerance and strategy.
- 11.2.** To advise the Board on the appropriateness of the Risk Appetite Statement and whether key risks are identified and managed in a way that is consistent with the Risk Appetite.
- 11.3.** To review, and to advise the Board, on the Society's current and future risk exposures, risk management and compliance strategies.
- 11.4.** To review, and advise the Board, on the development and maintenance of the Society's Risk Register and its risk mitigation and contingency plans.
- 11.5.** To review the implementation and development of comprehensive risk controls.
- 11.6.** To review, and to advise the Board on, the Society's exposure to current and potential reputational risks.
- 11.7.** To review annually and approve the Society's policies in relation to strategic, financial and, operational risks, including the process for identifying and assessing risks, including new risk types, and the management of those risks by the Society.
- 11.8.** To review the development and implementation of a programme of stress testing and reverse stress testing of the Society's risks.
- 11.9.** Before a decision to proceed is taken by the Board, advise the Board on any proposed strategic transaction ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Society.
- 11.10.** On the basis of internal audit reports, to monitor and evaluate the effectiveness of the Society's control systems.
- 11.11.** To develop and agree programmes of internal audit and to review these programmes, including the management response to, and implementation of actions agreed in respect of, all audit recommendations.
- 11.12.** To monitor the Society's performance in relation to Treating Members Fairly (TMF).

- 11.13.** To monitor and review complaints made against the Society, the process for their handling and to make recommendations to reduce the number of complaints where necessary.
- 11.14.** To review regulatory developments, in particular those of the Financial Conduct Authority and the Prudential Regulatory Authority, and their impact on the Society including the Society's risk exposure and its ability to meet those requirements.
- 11.15.** To review governance standards with the aim of meeting best practice where practical and appropriate.
- 11.16.** To review, challenge and consider, and to advise the Board on, the appropriateness of the Society's ORSA.
- 11.17.** To provide advice, oversight and challenge in order to embed and maintain an appropriate risk culture throughout the Society.
- 11.18.** To monitor the arrangements for securing data held by the Society and in relation to its members and in particular the Society's compliance with Data Protection Act requirements.
- 11.19.** To review the Society's procedures for detecting fraud and money laundering.
- 11.20.** To review the Society's procedures for the prevention of bribery.
- 11.21.** To approve the Chief Risk Officer's action plans and resources for the risk and compliance function.
- 11.22.** To review the adequacy and quality of the risk and compliance function.
- 11.23.** To review and monitor management's responsiveness to the findings and recommendations of the risk and compliance function.
- 11.24.** To review the adequacy and security of the Society'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.
- 11.25.** To provide a risk report for inclusion in the Annual Report and Accounts.
- 11.26.** To review a response to, and action plan arising from, the annual Association of Financial Mutuals' governance survey.
- 11.27.** To review annually the performance of the Society's internal auditors.
- 11.28.** To advise the Board on: the role and selection of the internal auditors; audit arrangements generally, following competitive tender (at intervals of not more than 5 years); and to make recommendations for appointment and the terms of that appointment.

## **12. Annual Review**

- 12.1.** The Chair of the Committee shall conduct an annual review of the appropriateness of the Committee's terms of reference and of the Committee's performance. After consideration by the Committee the results of that review shall be presented to the Board.

### **13. Authority**

- 13.1.** The Risk, Compliance and Governance Committee is a Committee of the Board with the authority, powers and responsibilities set out in the Society's Rules and in these terms of reference.
- 13.2.** The Committee shall have access to sufficient resources in order to carry out its duties.
- 13.3.** The Committee shall be provided with appropriate and timely training including an induction programme for new members and ongoing training for all members.
- 13.4.** The Committee may take independent legal or other professional advice on any matter within its terms of reference when the Committee reasonably believes that it is necessary to do so.
- 13.5.** As and when necessary the Committee may request the attendance of any employee of the Society or a representative of a provider of services to the Society at a meeting of the Committee.