

Terms of Reference of Care Alliance Audit and Risk Committee

(Approved by Board of Directors July 2016)

The Articles of Association of Care Alliance provides for the establishment of Board Committees.

The role of the Audit and Risk Committee is to oversee the efficient financial and risk management of Care Alliance including the raising, collection, investment, borrowing and outlay of all monies required (including fundraising of monies raised for Care Alliance).

The Committee will review its terms of reference and its effectiveness annually, and propose any necessary changes to its terms of reference to the Board.

1. Constitution

- 1.1. The Board's Audit and Risk Committee derives its powers from the Care Alliance Board.

2. Membership

- 2.1. The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the organisation and shall consist of not less than three members. The Board should satisfy itself that at least one member of the Audit and Risk Committee has recent and relevant financial experience, preferably a professional qualification from one of the professional accountancy bodies. A quorum shall be two members. Audit and Risk Committee members must not be former employees (within the previous 5 years).
- 2.2. The Board Chairman should not be a member of the Audit and Risk Committee.
- 2.3. The Chairman of the Audit and Risk Committee shall be appointed by the Board.
- 2.4. The Committee shall appoint a Secretary who will convene meetings and circulate minutes.
- 2.5. Appointment to the Audit and Risk Committee should be for a period of up to three years maximum, but a member may be reappointed by the board at that time.

3. Authority

- 3.1. 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 employee

and all employees are directed to co-operate with any request made by the Audit and Risk Committee.

- 3.2. The Committee may recommend the appointment and terms of reference of external advisors or consultants for legal, internal Audit and Risk or other professional advice. The Committee shall report to the Board any significant fraud or irregularities, failures of internal control or suspected infringements of laws, rules and regulation which come to its attention.

4. Responsibility

- 4.1. The Committee is to serve as a focal point for communication between other directors, external auditors and Care Alliance management as their duties relate to financial and other reporting, internal controls and other matters the Board deems necessary

5. Attendance at meetings

- 5.1. No one other than the Committee Chairman and members are entitled to be present at the meeting of the Audit and Risk Committee.
- 5.2. However the following may also be invited to attend:
 - Secretary of the Audit and Risk Committee
 - Executive Directoror
 - any other employee, Director, external auditor, external actuary, legal or other external advisors.
- 5.3. The External auditors shall be invited to attend as deemed appropriate by the Audit and Risk Committee.
- 5.4. The External auditors will be invited to spend time alone with the members of the Audit and Risk Committee at each meeting to which they are invited and such a meeting (i.e. without the attendance of management) must be held at least once a year. This may be by telephone if necessary.

6. Frequency of meetings

- 6.1. The Audit and Risk Committee should hold at least four scheduled meetings a year: -
- 6.2. The Committee shall address the issue of Risk as often as necessary but not less than once a year and shall approve a report to the Board on the Risks facing the business.

7. Duties

The duties of the Audit and Risk Committee shall be:

- 7.1. to consider the appointment of the external auditor, their performance, the audit fee and any questions of resignation or dismissal, and make appropriate recommendations to the Board
- 7.2. to discuss the nature and scope of the work with the external auditor before the audit commences
- 7.3. to review the external auditor independence, objectivity and effectiveness; to consider the award of non-Audit and Risk work to auditors, and to monitor any such work
- 7.4. to determine that proper books of accounts have been kept and to concur with the external auditors opinion that the annual financial statements give a 'true and fair view', before submission to the Board
- 7.5. to have familiarity with financial reporting principles and practices applied by Care Alliance in preparation of the financial statements
- 7.6. to discuss problems and reservations arising from the final audit and any matters the external auditor may wish to discuss
- 7.7. to review the draft representation letter prior to approval by the Board
- 7.8. to review the external auditor's management letter and management's response
- 7.9. to evaluate the cooperation received by the external auditors including their access to all requested records, data and information.
- 7.10. to consider other topics, as defined or delegated by the Board
- 7.11. to carry out any other duties specified in or implied by the general remit given to it by the main Board
- 7.12. to retain independent professional advice at the Board's expense when it judges it necessary
- 7.13. to recommend to Management the appointment of external advisors (legal, audit etc) for implementation or referral to the Board
- 7.14. To review arrangements by which staff of the company may raise possible improprieties and assure that proportional and independent procedures are in place for investigation of these matters.
- 7.15. To ensure that there is an ongoing formal risk assessment process in place in the organisation, and that risk management and risk avoidance arrangements are established.
- 7.16. To Review the risk management and risk avoidance arrangements on a regular basis.
- 7.17. To Report to the Board on funding and expenditure matters, i.e. robustness of income streams, income generation, value for money, staff remuneration policy, cost effectiveness, etc.
- 7.18. To Oversee and assess the process for setting annual budgets, and provide advice to the Board.
- 7.19. To Adopt financial performance measures & review actual performance against targets, long-term trends & benchmarks
- 7.20. To advise and assist the Board Chairperson on Executive Director remuneration.

8. Reporting procedures

The Audit and Risk Committee will provide the following reports to the Board:

- 8.1. a verbal update to the Board in relation to the main issues considered and discussed by the Audit and Risk Committee concerning the approval of the annual financial statements
- 8.2. a copy of the Minutes from each of the meetings of the Audit and Risk Committee
- 8.3. other reports in relation to any significant frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulation which come to its attention.

9. Ongoing Review

- 9.1. The terms of reference of the Audit and Risk Committee will be reviewed by the Audit and Risk Committee on a yearly basis and any necessary changes will be recommended to the Board.