

Audit and Risk Subcommittee

Terms of Reference

1. Purpose

The Audit and Risk Subcommittee is a formal subcommittee of the Community Pharmacy England Committee which supports and advises the Committee on financial, audit, risk management and internal control matters.

The Subcommittee supports the Committee in these matters by either:

- Providing pre-scrutiny of information and proposals to provide advice and recommendations to the Committee;
- Making decisions on behalf of the Committee in respect of those matters for which it has delegated authority;
- Working with the Chief Executive Officer (CEO) and Executive Leadership Team (ELT) to ensure that Community Pharmacy England has appropriate arrangements in place to ensure effective operation and to meet all legal and other requirements.

2. Membership

2.1 Members

The Subcommittee shall normally consist of six members appointed from the Committee with a range of skills and experience relevant to the subcommittee's work, comprising:

- Three who represent independent pharmacy owners and
- Three who represent multiples

The Committee may at its discretion appoint other non-Committee members to the Subcommittee as non-voting members to bring additional expertise or insight to support the Subcommittee's work where needed, subject to the total number of non-Committee members remaining a minority.

2.2 Appointment

Subcommittee members are appointed by the Committee, on the advice of the Governance and People Subcommittee, for an initial term of up to two years, which may be extended for up to two additional two-year periods subject to the Committee's approval.

2.3 Chair of Subcommittee

The Committee shall appoint a Chair of the Subcommittee, on the advice of the Governance and People Subcommittee, for an initial term of up to two years, which may be extended for up to two additional two-year periods subject to the Committee's approval.

In their absence, the meeting will be chaired by another member of the Subcommittee.

3. Other Attendees

The Committee Chair and Vice-Chair have a standing invitation to attend Subcommittee meetings if not full members.

The Subcommittee Chair may invite the following to attend all or part of any meeting where relevant to the agenda: CEO, another member(s) of the ELT, a member of an LPC or other adviser.

Attendance by other Community Pharmacy England Committee members is at the Subcommittee Chair's discretion on a case-by-case basis, save any Committee members whom the Committee has agreed should shadow the Subcommittee.

Participation of the above attendees is at the discretion of the Subcommittee Chair and none has voting rights.

4. Duties and responsibilities

The Audit and Risk Subcommittee shall carry out the duties set out below:

4.1 *Audit & Finance*

- a) Scrutiny of the annual budget and business plan prior to presentation to the Committee for its approval.
- b) Monitoring financial performance against budget by reviewing the latest management accounts.
- c) Considering and approving any proposals for non-budgeted spend from £26k-£100k, and making recommendation to the Committee on proposals in excess of this.
- d) Recommending the external auditor to the Committee for approval.
- e) Reviewing the audit findings report and recommendations and management's response to this.
- f) Scrutiny of the annual report and accounts and making a recommendation to Committee for its approval.
- g) Overseeing Community Pharmacy England's bank accounts etc, and making recommendations to the Committee in respect of approval of account openings and closures and signatories.
- h) Ensuring that Community Pharmacy England has appropriate financial policies and procedures in place, and reviewing and approving changes to these on behalf of the Committee.

4.2 *Risk management and internal control*

- a) Ensuring that Community Pharmacy England has necessary systems, processes and policies in place to meet statutory and regulatory requirements and manage risk and that these are operating effectively

- b) Agreeing and overseeing Community Pharmacy England's arrangements for whistleblowing on behalf of the Committee.
- c) Reviewing any representation letters requested by the external auditor and making a recommendation to the Committee regarding signing of these.
- d) Reviewing and approving the Risk Register regularly, and presenting to the Committee annually.
- e) Annually reviewing Community Pharmacy England's risk appetite and tolerance to ensure it is best placed to achieve its long-term strategic objectives.

5. Other:

- a) The Subcommittee will review its own performance annually and recommend any changes to its terms of reference for the Committee's consideration.
- b) Any other duties determined by the Committee.

6. Meetings

The Subcommittee usually meets three times per year with the timing of meetings to be determined by the needs of Community Pharmacy England's business.

Meetings may be held in person or by any means, or combination of means, that enables the Subcommittee's members to communicate with each other. Subcommittee members unable to attend a meeting may provide comments to the Subcommittee Chair in advance but are not entitled to appoint a replacement to attend in their absence.

In addition to formal meetings, the Subcommittee may transact business between meetings by email if required.

7. Quorum and Decisions

The quorum necessary for the transaction of business at any meeting shall be three full-voting members. Subcommittee members will be considered in attendance and count towards the quorum if they are able to participate fully in the meeting.

The Subcommittee takes decisions collectively. In the event of a formal vote, a simple majority of the full voting members is required, with the Subcommittee Chair having a casting vote.

Any Subcommittee member or other attendee who faces a potential conflict of interest is required to declare such an interest and to recuse themselves from the discussion, decision or meeting, as determined by the Subcommittee Chair.

8. Meeting Administration and Minutes

The Subcommittee shall receive at least seven days clear notice of any meeting.

The Subcommittee Chair determines the agenda for any meeting in consultation with the CEO or other member of the ELT with the aim of ensuring that the subcommittee best supports the work and decision-making of Community Pharmacy England. The agenda and any papers will be issued in advance of a meeting.

A member of Community Pharmacy England staff shall attend and prepare minutes of Subcommittee meetings which shall be circulated promptly to Subcommittee members and will be formally approved by the Subcommittee at the next meeting. The minutes or a summary of the meeting, redacted as necessary for confidentiality reasons, will be published on the Community Pharmacy England website.

9. Authority

The Subcommittee receives its authority from the Committee and has delegated authority in accordance with these terms of reference.

10. Reporting

The Subcommittee Chair shall report to the Committee after each meeting on the nature and content of its discussion, recommendations, and action to be taken.