Chorley Building Society
TRUSTED SINCE 1859

RISK & COMPLIANCE COMMITTEE (RCC)
TERMS OF REFERENCE

Purpose

The purpose of the RCC is to assist the Audit Risk & Compliance Committee (ARCC) in fulfilling its oversight responsibility for the following:

- The effectiveness of the Risk Management Framework in relation to Operational, Conduct, Regulatory & Legal Risks as set out in the table below;
- The effectiveness and compliance with the system of Internal Controls via the achievement of the Society's Compliance Monitoring Plan and Internal Audit Programme; and

Perform any other duties as	**Definitions**
People & Processes Risk	The risk of loss arising from human error or inadequate processes.
Change Management Risk	The inability to execute and control changes effectively to budget or to an acceptable quality.
Financial Crime Risk	The risk of a material financial loss, or loss of reputation as a result of the Society's activities being used by criminals for the purposes of money laundering, terrorist financing, bribery and corruption and fraud.
Operational Resilience Risk	The risk of inadequate business recovery and disaster capability to recover from any operational disruption and to continue to provide critical product or service delivery to our Members.
Cyber & Information Security Risk	The risk of inappropriate disclosure of personal or sensitive information and/or inappropriate access to internal data sources. In particular, cyber security threats to the Society and its Members as a result of attacks through the use of computer systems.
Information Technology Risk	Risks to the availability, performance and capacity of IT systems/telephony/internet.
Financial Control & Management Risk	The risk that timely, robust and accurate management information is not available to support the Society's financial and operational performance.
Conduct Risk	The risk that the Society's processes, behaviours, offerings or interactions will result in unfair outcomes for Members
Regulatory & Legal Risk	The risk of legal or regulatory sanctions/fines/censures, material loss, as a result of a failure to comply with laws, regulations, codes of conduct and standards of good practice.

Constitution

The RCC is a first line Management Committee reporting via ARCC to the Board.

Authority

The Committee is authorised by the Chief Executive to investigate any activity within its terms of reference.

The Committee is authorised to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience expertise or knowledge.

Minutes of each meeting are issued to all Committee members, to the ARCC and to the Board.

The Committee will relinquish all authority to the Crisis Management Committee (CMC) in the event that Committee is invoked.

Membership

Chief Executive Officer (CEO) & MLRO (Chair)
Finance Director
Customer Services Director
Head of Business Development
Head of Compliance & DPO
Head of Finance
Head of HR, Training, Facilities & H&S
Head of IT
Head of Lending
Head of Products & Marketing
Chief Risk Officer
Head of Retail

Attendees

Minute Taker
Other staff members may be requested to attend and report as necessary

Attendance at Meetings

In absence of the Chair, the remaining Committee members shall elect one of them to be Chair for that meeting, taking into account any member(s) with conflicts of interest.

The quorum necessary for the transaction of business of the Committee shall be three (3) Committee members, one (1) of whom must be an Executive Director.

All matters shall be decided by a majority of votes. Every member present, including the Chair, shall have one vote. In the event of a tie, the Chair shall have a second and casting vote.

Frequency of Meetings

The Committee shall meet on a quarterly basis.
Additional meetings are called as required by the Chair of RCC.

Duties

Compliance and Audit Matters

- Review, agree and recommend to ARCC for approval, the
    - Annual Compliance Monitoring Plan
    - Compliance Operating Policy
- Review internal compliance monitoring reviews prior to their submission to the ARCC

- Receive an Annual Statement on internal controls from the Internal Auditor
- Receive regular updates assessing progress against the Compliance Monitoring Plan via the quarterly Compliance Report
- Review internal audit reports prior to their submission to the Audit Risk & Compliance Committee
- Ensure all compliance and audit actions are tracked and validated through to completion

Risk Matters

- Review, agree and recommend to ARCC, the
  - Risk Management Framework
  - Risk Appetite Framework
- Review and challenge (where appropriate) the Operational Risk Registers including climate change risk
- Consider emerging risks and their impact on the Society
- Review and recommend to ARCC for approval the following in support of the Risk Management Framework:

Financial Crime Risk	• Anti-Bribery & Corruption Policy • Anti-Money Laundering (AML) Policy • Annual AML Report • Anti-Fraud Policy • Annual Fraud Report
Operational Resilience Risk	• Operational Resilience Policy • Disaster Recovery Plan • Business Continuity Plan • Outsourcing & Third-Party Supplier Policy
Cyber & Information Security Risk	• Cyber Security Policy • Cyber Incident Response Plan • Information Security Policy • Data Protection Policy • Annual Data Protection Report • Quarterly Data Protection Report (via Compliance Report) • Data Retention Policy • Data Classification Policy
Conduct Risk	• Conduct Risk Framework • Conduct Risk Dashboard • Annual Complaints Report
Regulatory & Legal Risk	• Regulatory Risk Horizon Scanning via Compliance Report • Compliance Controls Annual Report • Compliance Operating Policy • Compliance Monitoring Plan • Health and Safety Policy

- Review and approve the following policies in support of the Risk Management Framework

People & Processes Risk	• Training & Competency Regime

Regulatory & Legal Risk	• Social Media Policy

Other Matters

- Review, agree and recommend for approval to the Audit Risk & Compliance Committee and Board, the Terms of Reference of the Risk & Compliance Committee
- Prepare regular and relevant reports for the Board and Audit Risk and Compliance Committee
- Receive and review the Key Risk Indicators (KRI) in relation to Operational, Conduct, Regulatory & Legal risk via the KRI report
- Receive and review the Regulatory Reporting Log