

TERMS OF REFERENCE

AUDIT, RISK and COMPLIANCE SUB-COMMITTEE

PURPOSE	The Audit, Risk and Compliance Sub-Committee is responsible for ensuring effective systems are in place for internal control and risk management, in accordance with the business's agreed risk appetite. The committee maintains the appropriate relations with the company's auditor
----------------	--

ROLE	JOB TITLE
CHAIR	Non-executive director
MEMBERS	Post Office Chairman Non-executive director 1 Non-executive director 3 (one of the above must have FS expertise)
OTHER ATTENDEES	Chief Executive Officer Chief Financial Officer Legal & Compliance Director
SECRETARIAT	Company Secretary (or Assistant)

QUORUM	Two members
---------------	-------------

FREQUENCY	Quarterly, follows Risk & Compliance Committee and precedes PO Board
------------------	--

RESPONSIBILITIES : <ul style="list-style-type: none"> • Approval of both the internal and external audit plans • Reviewing progress on addressing audit recommendations • Approval of the compliance strategy • Approval of the assurance strategy • Recommendation to the Board on: <ul style="list-style-type: none"> risk appetite levels, the risk strategy, internal controls, and

risk based priorities for internal audit

- Reviewing the auditors' management letter
- Reviewing the draft annual report, half-yearly and yearly accounts

SPECIFIC POWERS & AUTHORITIES :

- Recommending the appointment or removal of the auditor to the Board
- Recommendation of any significant change in accounting policy or practices
- Recommending the annual report, half-yearly and yearly accounts to the Board for approval