Terms of Reference
Audit Committee
Oct 2025

Newbury Building Society

1 Membership and quorum

1.1 The Committee is appointed by the Board.

1.2 The Committee comprises at least three non-Executive Directors, one of which is a member of the Risk Committee

1.3 The Committee membership must include at least one non-Executive Director with competence in accounting and/or auditing.

1.4 The majority of the Committee members, and the Committee Chair, must be classified as independent.

1.5 In the absence of the Committee Chair the remaining members present shall elect one of themselves to chair the meeting.

1.6 A quorum comprises two committee members, and is required for decisions to be made.

2 Attendees

2.1 In addition to the committee members the following are in attendance

- Chief Executive
- Chief Financial Officer
- Chief Risk Officer
- Senior Compliance Manager
- Director of Data & Governance (Company Secretary)
- Internal Auditors
- External Auditors

2.2 In the event of the Company Secretary being unavailable, the Chair will ask one of the attendees to be the Secretary for the meeting.

2.3 Other persons may attend all, or part, of any meeting at the invitation of the Committee Chair.

3 Frequency of meetings

3.1 Meetings are held four times a year, normally December, March, June, October.

3.2 Ad hoc meetings shall be convened by the Company Secretary at the request of the Chair.

4 Notice of meetings

4.1 Meetings shall be scheduled annually in advance.

4.2 Ad hoc meetings shall be convened by the Company Secretary at the request of the Chair.

4.3 Supporting papers shall normally be circulated, by the Executive Assistant, one week in advance of the meeting.

5 Minutes

5.1 The Company Secretary will take the minutes of the meeting.

5.2 The minutes will include the names of those present and in attendance, the nature and content of discussion, recommendations and actions to be taken.

5.3 Draft minutes will be provided to the Chair and once approved will be circulated to the other attendees.

6 Reporting

6.1 The Audit Committee chair formally reports proceedings from each meeting to the Board.

6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.

7 Authority

The Committee is authorised to:

7.1 Seek any information it requires from any Society employee in order to perform its duties.

7.2 Obtain, at the Society's expense, outside legal or professional advice on any matters within its Terms of Reference.

8 Responsibilities

8.1 The Committee is responsible for providing appropriate oversight, independently of the Executive, to ensure that the interests of members and the Society's other key stakeholders are properly protected in relation to financial reporting, internal control and regulatory compliance.

The Committee achieves this by:

8.1.1 Financial reporting

- Reviewing the processes followed to produce, and validate the integrity of, the financial statements including:
    - reducing the risk of material misstatement (including fraud) through the use of appropriate accounting standards
    - approving, on advice, the most appropriate accounting policies and ensuring they are consistently applied
    - satisfying itself that the disclosures made are clear, fair, balanced and understandable.
- Reviewing the Society's annual accounts and the significant judgements in them prior to recommending Board approval.
- Explaining to the Board how the statutory audit contributed to the integrity of financial reporting and explaining what the role of the Committee was in this process.
- Carrying out a review on an annual basis of the adequacy and effectiveness of the Society's assurance frameworks (including the quality and content of management information provided to it) and reporting the overall conclusion to the Board.
- Approving the Regulatory Reporting Policy and reviewing the twice-yearly Regulatory Reporting Committee report.

8.1.2 Internal and External Audit

The Committee has specific responsibility for reviewing and monitoring the independence, expertise, objectivity, performance and effectiveness of the Society's internal and external auditors. In so doing the Committee will:

- Make recommendations to the Board in relation to the appointment, re-appointment and removal of the external and internal auditors as required (ensuring the external audit contract is put out to tender at least once every ten years and that the tenure of the external auditors does not exceed 20 years).
- Approve the auditors' audit plans, budgets and engagement letters, including fees.
- Consider reports and recommendations from the auditors, and progress against these.
- Have a private meeting with the auditors at least annually.
- Ensure the external or internal auditors can request a meeting with the Committee if they consider one is necessary.
- Ensure there are no impediments restricting the independence of the auditors.
- Examine any differences of opinion between the auditors and the Society's management, ensuring there are no restrictions on the right of the auditors to raise or challenge material issues.

- Assess the effectiveness of the internal audit inspection system in the context of the Society's overall risk management framework and ensure that internal audit does not place undue reliance on the work of the compliance, risk management and finance functions.
- Discuss any major issues arising as a result of the external audit, review any representation letters requested by the external auditor, and assess the management letter and management's responses to the external auditor's findings and recommendations.
- Review and approve any proposals above defined thresholds (currently £10k) to engage external auditors in the supply of non-audit services, taking into account relevant ethical guidance.

8.1.3 Internal controls

The Committee also has the following general duties:

- Approve the Compliance Plan, ensuring that it is aligned with, but does not affect the independence of, the Internal Audit Plan.
- Consider and review the quarterly Compliance assurance report, which includes progress against the Compliance Plan and a regulatory change update.
- Assess whether the Compliance function has the necessary authority, resources, expertise and access to all relevant information and that members of the Compliance function do not perform roles or activities they monitor.
- Consider and review the quarterly IT controls report and annually review the IT Security Policy.
- Consider reports and recommendations from the Executive where applicable.
- Consider laws and regulations and the provisions of the UK Corporate Governance Code.
- Ensure appropriate whistle blowing arrangements are in place.
- Make the Risk Committee aware of any matters which have a bearing on the Society's risk profile.

8.2 The Committee also ensures that the Chief Risk Officer and Chief Financial Officer have direct access to the Chair of Audit.

8.3 Reports and recommendations to Board

8.3.1 Reports

The Committee shall formally report to the Board on how it has discharged its responsibilities, including:

- The significant issues that it considered in relation to the financial statements and how these issues were addressed.
- Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor.
- Any other issues on which the Board has requested the Committee's opinion.

8.3.2 Recommendations

The Committee shall review and make recommendations to the Board for approval in relation to:

- Final approval of the annual accounts and summary financial statement (members' review), including statements and reports.
- Appointment and termination of the internal and external auditor.
- Board level policies as follows:
- Conflicts of interest
- Code of Conduct
- Whistle Blowing
- IT Security Policy
- Business Continuity Plan

8.4 Policy approvals

The Committee shall approve the following policies:

- Regulatory Reporting Framework

9 MI Reports

9.1 The following reports shall be provided for each meeting:

- Compliance assurance report (Senior Compliance Manager)
- Internal audit report (Internal auditor)
- External audit report (External auditor)

10 Rolling agenda

10.1 The Chair determines the agenda for each meeting, in conjunction with a relevant member of the Executive team.

10.2 In addition to the MI reports detailed above, there is a rolling agenda as follows:

Specific topics	*Presented by*	*Audit Committee action*	*Approved by*
December			
Final accounts (Report and Accounts, Going Concern, Members review)	*Chief Financial Officer*	*Review & recommend for approval*	*Board*
External Audit Report	*Deloitte*	*Review*	*n/a*
IT risks and controls	*Head of IT*	*Review*	*n/a*
Meeting with the auditors without the Executives present	*Committee Chair*	*Review*	*n/a*
March			
Regulatory Reporting Policy	*Chief Financial Officer*	*Approve*	*Audit*
Conflicts of Interest Policy	*Director of Data & Governance*	*Review & recommend for approval*	*Board*
Code of Conduct	*Director of Data & Governance*	*Review & recommend for approval*	*Board*
GDPR data status report	*Head of IT*	*Review*	*n/a*
Effectiveness of External Audit	*Chief Financial Officer*	*Review*	*n/a*
Regulatory Reporting Committee Report	*Chief Financial Officer*	*Review*	*n/a*
IT risks and controls	*Head of IT*	*Review*	*n/a*
June			
External audit strategy proposal	*External Auditor*	*Approve*	*Audit*
External Audit fee proposal	*External Auditor*	*Approve*	*Audit*
Whistle Blowing Policy	*Director of People*	*Review & recommend for approval*	*Board*
Operation and effectiveness of whistle blowing arrangements	*Director of People*	*Review*	*n/a*
IT risks and controls	*Head of IT*	*Review*	*n/a*

October			
Internal Audit plan	*Internal Auditor*	*Approve*	*Audit*
Compliance assurance plan (within second line assurance plan)	*Chief Risk Officer*	*Approve*	*Audit*
Corporate governance disclosures	*Director of Data & Governance*	*Review & recommend for approval*	*Board*
Accounting policies	*Chief Financial Officer*	*Review & recommend for approval*	*Board*
IT Security Policy	*Head of IT*	*Review & recommend for approval*	*Board*
Business Continuity Plan	*Director of Customer Service*	*Review & recommend for approval*	*Board*
Internal Audit effectiveness	*Chief Risk Officer*	*Review*	*n/a*
External interim audit report	*External Auditor*	*Review*	*Audit*
Regulatory Reporting Committee Report	*Chief Financial Officer*	*Review*	*n/a*
IT risks and controls	*Head of IT*	*Review*	*n/a*
Review of Committee Effectiveness, including terms of reference and assessment of the quality and appropriateness of the MI and reports.	*Committee Chair*	*Review*	*n/a*