

## Risk and Audit Committee

### Terms of Reference

Number of Members	At least three Non-Executive Group Board Members and a maximum of five Members in total.
Membership	At least three Independent Group Board Members and one Council Member. At least one Member of the Committee shall have recent and relevant financial experience. The Chair of the Group Board shall not be a Member of the Committee. An Independent Risk Specialist may also be appointed.
Quorum	Three Members. The only business that may be transacted by an inquorate meeting is to arrange a time and date for the next meeting.
Frequency of Meetings	The Committee shall meet at least four times per year.
Appointment of Members	Appointments to the Committee are made by Group Board and approved on an annual basis at the first Group Board meeting following the Annual General Meeting.
The Chair	The Group Board shall appoint the Chair of the Committee who must be a Board Member. In the absence of the Chair the remaining Members present shall elect one of themselves to chair the meeting.
Reporting	Minutes of Committee meetings shall be agreed by the Chair and circulated to all Members. Minutes will be presented to Group Board unless a conflict of interest exists.

### 3 Terms of Reference and Delegated Authority of the Risk and Audit Committee

- 3.1 The Risk and Audit Committee shall exercise independent scrutiny, challenge, oversight and approve the remit of the Group's Internal and External Audit functions and Risk Management function, ensuring the:
- performance of these functions.
  - independence of the Internal and External Auditor, ensuring that the internal audit function is free from management and other restrictions.
  - appropriate access to information and the efficient and effective allocation of any resources to enable them to perform their functions effectively, to meet duties and in accordance with relevant professional standards (Chartered Institute of Internal Auditors).

3.2 The Committee shall also monitor the integrity of the financial statements.

3.3 The Committee will:

	Committee Terms of Reference
<i>Risk Management</i>	<ul style="list-style-type: none"> <li>• Make recommendations to Group Board on the strategic process for risk assessment, quantification, management, mitigation, escalation and setting risk appetite, tolerance and strategy.</li> <li>• Identify and review the Group's individual and cumulative risks ensuring that mitigations are in place, escalating to and advising Group Board where appropriate.</li> <li>• Obtain assurance that strategic and operational risks are managed in line with agreed processes and methodology.</li> <li>• Provide assurance to Group Board that effective systems and controls are in place in relation to: <ul style="list-style-type: none"> <li>○ Health and Safety.</li> <li>○ Assets and Liabilities.</li> <li>○ Stress Testing.</li> <li>○ Landlord Compliance.</li> <li>○ Value for Money.</li> </ul> </li> <li>• Consider risks associated with proposed strategic decisions eg acquisitions, disposals, taking independent external advice where appropriate.</li> <li>• Review the adequacy of management responses to the management of risks and monitor the implementation of action strategies.</li> <li>• Review reports on any material breaches of risk appetite and the adequacy of proposed action.</li> <li>• Approve the annual risk management plan, ensuring that adequate resources are in place.</li> <li>• Make a recommendation to Group Board in the sufficiency of the Group's insurance levels.</li> </ul>
<i>Internal Audit</i>	<ul style="list-style-type: none"> <li>• Monitor the performance of the Internal Audit function ensuring that there are effective systems and controls in place.</li> </ul>

	<ul style="list-style-type: none"> <li>• Approve the annual and strategic internal audit plan ensuring that adequate resources are in place, approving any revisions/deferments and cancellations during the year on the recommendations of the Executive Director of Finance.</li> <li>• Review and approve Internal Audit policies, procedures and methodologies.</li> <li>• Review the results of internal audit work and the sufficiency of management responses to the issues raised.</li> <li>• Review and monitor the implementation of audit recommendations, holding management to account where appropriate.</li> <li>• Meet with the Head of the Internal Audit function or Internal Auditor provider if the function is outsourced without other Executive present at least once per year.</li> <li>• Review the annual report of the Head of the Internal Audit function or Internal Audit provider if the function is outsourced.</li> <li>• Recommend to Group Board the appointment or removal of the Head of Internal Audit function or Internal Audit provider if the function is outsourced and their remuneration and terms of appointment.</li> </ul>
<i>External Audit</i>	<ul style="list-style-type: none"> <li>• Oversee the selection process and make a recommendation to Group Board on their appointment, re-appointment and removal.</li> <li>• Approve the terms of engagement and scope.</li> <li>• Approve their remuneration and review non-audit fees.</li> <li>• Approve the annual audit plan and ensure co-ordination with the internal audit plan and consistency with the scope of the engagement.</li> <li>• Review the effectiveness of the audit including the findings in the Audit Management Letter/Audit Memorandum considering: <ul style="list-style-type: none"> <li>○ Major issues and levels of errors arising.</li> <li>○ Management's response to the findings and recommendations.</li> <li>○ Non-audit services.</li> <li>○ Accounting and audit judgements.</li> </ul> </li> <li>• Annually assess their performance, qualifications, experience and independence/objectivity including the provision of any non-audit services.</li> <li>• Approve a policy on the employment of former employees of the external auditor and provision of non-audit services and monitor their implementation.</li> <li>• Lead an investigation in the event that the external auditor resigns.</li> <li>• Meet the external auditor at least once per year without management present to discuss their remit and any issues arising from the audit.</li> </ul>
<i>Financial Reporting</i>	<ul style="list-style-type: none"> <li>• Monitor the integrity of the financial statements:</li> <li>• Review the consistency of and any significant changes to and compliance with accounting policy, practices or standards, taking account the views of the external auditor.</li> <li>• Review all material information presented with the financial statements, including the internal controls assurance statement.</li> <li>• Advise the Group Board on whether, taken as a whole, the annual report and accounts is fair, balanced, understandable and provides the necessary information to assess the Association's performance, business model and strategy.</li> </ul>
<i>Whistleblowing and Fraud</i>	<ul style="list-style-type: none"> <li>• Review and approve the <ul style="list-style-type: none"> <li>○ Group's Whistleblowing Policy and procedures.</li> <li>○ Group's policy and procedures for detecting and preventing fraud and bribery and receive reports on non-compliance.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Group's Anti-Money Laundering policy and procedures and receive reports from the Money Laundering Reporting Officer.</li> <li>○ Annual fraud report for ratification by Group Board.</li> <li>• Review reports on allegations made and investigations undertaken of bribery, fraud, money laundering, other irregularities, and whistleblowing; ensure that appropriate action is taken and followed up and determine if existing internal controls are satisfactory.</li> <li>• Ensure that bribery, fraud, money laundering and whistleblowing registers are maintained and provide an annual assurance report to the Group Board.</li> </ul>
<i>Probity</i>	<ul style="list-style-type: none"> <li>• Receive reports on compliance with the Group's Code of Conduct.</li> </ul>