

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

3.1 The Risk and Audit Committee shall provide assurance to Group Board on the effectiveness of the risk and internal control frameworks and mitigations in place, and shall exercise independent scrutiny, challenge, oversight and approve the remit of the Group's internal and external auditors and ensuring the:

- performance of these functions.
- independence of the internal and external auditors, 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.

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

3.3 Committee composition and frequency of meetings:

Size:	<ul style="list-style-type: none"> • At least three and a maximum of five Members.
Composition:	<ul style="list-style-type: none"> • At least 3 Independent Group Board Members, an Independent Risk Specialist may be also appointed. The Memorandum of Understanding signed with Sunderland City Council agreed that a Council Member will be a Member of this Committee.
Quorum:	<ul style="list-style-type: none"> • Three Members.
Frequency of Meetings:	<ul style="list-style-type: none"> • At least four times per year.
Chair:	<ul style="list-style-type: none"> • Board Member, appointed by the Group Board.
Other:	<ul style="list-style-type: none"> • At least one Member must have recent and relevant financial experience. • The Chair of Group Board may not be a Member of the Committee.

3.4 The Committee will:

	Risk Management
<i>Approve:</i>	<ul style="list-style-type: none"> • Landlord Compliance suite of policies. • Strategic Risk Register
<i>Seek Assurance:</i>	<ul style="list-style-type: none"> • Review the Group's individual and cumulative risks ensuring that mitigations are in place, escalating to and advising Group Board where appropriate. • Strategic and operational risks are being managed, monitor management responses and implementation of any action strategies. • Review reports on any material breaches of risk appetite and the adequacy of proposed action. • Consideration of risks associated with proposed strategic decisions e.g., acquisitions, disposals, taking independent external advice where appropriate.

	<ul style="list-style-type: none"> • Effective systems and controls are in place including reviewing policies and frameworks as delegated by Group Board in relation to: • Health and Safety. • Assets and Liabilities. • Landlord Compliance. • Value for Money.
<i>Recommend to Group Board:</i>	<ul style="list-style-type: none"> • Risk Management Framework. • Assurance Framework. • Risk Appetite Statement. • Health and Safety Policy. • Asset and Liability Policy. • Data Governance Policy. • Sufficiency of the Group's insurance levels.

	Internal Audit
<i>Approve:</i>	<ul style="list-style-type: none"> • Annual strategic Internal Audit Plan. • Revisions/deferments and cancellations to the Internal Audit Plan following a recommendation from the Executive Director of Regulatory and Business Services.
<i>Seek Assurance:</i>	<ul style="list-style-type: none"> • Internal audit function performance ensuring that there are effective systems and controls in place. • Internal audit reports and the sufficiency of management responses to the issues raised. • Implementation of audit recommendations, holding management to account where appropriate. • 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. • Review the annual report of the Head of the Internal Audit function or Internal Audit provider if the function is outsourced.
<i>Recommend to Group Board:</i>	<ul style="list-style-type: none"> • 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.

	External Audit
<i>Approve:</i>	<ul style="list-style-type: none"> • Terms of engagement and scope. • Remuneration and review non-audit fees. • Annual audit plan and ensure co-ordination with the internal audit plan and consistency with the scope of the engagement. • Auditor Independence Policy and any appointment for non-audit services.
<i>Seek Assurance:</i>	<ul style="list-style-type: none"> • Effectiveness of the audit including the findings in the Audit Management Letter/Audit Memorandum considering: <ul style="list-style-type: none"> ○ Major issues and levels of errors arising. ○ Management's response to the findings and recommendations. ○ Non-audit services. ○ Accounting and audit judgements. • Annual assessment of performance, qualifications, experience and independence/objectivity including the provision of any non-audit services.

	<ul style="list-style-type: none"> • Lead an investigation in the event that the external auditor resigns. • Meet the external auditor at least once per year without management present to discuss their remit and any issues arising from the audit.
<i>Recommend to Group Board:</i>	<ul style="list-style-type: none"> • Oversee the selection process of the external auditor and make a recommendation to Group Board on their appointment, re-appointment and removal.

	Financial Reporting
<i>Seek Assurance:</i>	<ul style="list-style-type: none"> • Integrity of the financial statements including reviewing: <ul style="list-style-type: none"> ◦ Consistency of and any significant changes to and compliance with accounting policy, practices or standards, taking account the views of the external auditor. ◦ All material information presented with the financial statements, including the internal controls assurance statement. • Review the Environmental, Social and Governance Annual Report.
<i>Recommend to Group Board:</i>	<ul style="list-style-type: none"> • Whether, taken as a whole, the annual report and financial statements is fair, balanced, understandable and provides the necessary information to assess the Group's performance, business model and strategy.

	Whistleblowing, Fraud and Probity
<i>Approve:</i>	<ul style="list-style-type: none"> • Anti-Fraud Bribery and Corruption Policy. • Any significant changes to the Group's Whistleblowing policies and procedures.
<i>Approve subject to ratification by Group Board</i>	<ul style="list-style-type: none"> • Annual Fraud Report.
<i>Seek Assurance:</i>	<ul style="list-style-type: none"> • Bribery, fraud, money laundering and whistleblowing registers, processes and procedures are in place and receive reports from the Money Laundering Reporting Officer. Review reports on allegations made and investigations undertaken, ensuring appropriate action is taken and followed up and determine if existing internal controls are satisfactory. • Compliance with the Group's Code of Conduct.
<i>Recommend to Group Board:</i>	<ul style="list-style-type: none"> • Anti-Fraud, Bribery and Corruption Top Level Statement