



SOUTH ESSEX HOMES LIMITED

Audit Committee

Terms of Reference

Statement of Purpose - The Board of Directors has delegated responsibility to the Committee to investigate any activity within the Company and report any risk situations to the Board. The duties of the Committee shall include the following:

- It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of the outsiders with relevant experience and expertise if it considers this necessary.
- Statement of Internal Control (SIC) reviewed by internal audit prior to endorsement by the Board.
- Review the internal assurance process relating to key risks
- Review independent external assurance arrangements provided by internal/external audit, in relation to action directed by the Board.
- Ensure effective communication with the Board.
- The operational effectiveness of policies and procedures.
- The policies and procedures for all work related to fraud and corruption.
- The maintenance of an effective system of internal financial control and management reporting.
- To appoint the Internal Auditor and review the Internal Audit Service Level Agreements
- To review the Internal Audit programme, consider the major findings of Internal Audit investigations and management's response ensure co-ordination between the Internal and External Auditors.
- To review the progress made by the committees in implementing action plans in respect of risk management and to provide independent verification to the Board.
- To monitor the implementation of internal audit reports.
- To appoint the External Auditor

- To enhance the effectiveness of the relationship with External Audit.
- To discuss with the External Auditors, before the audit commences, the nature and scope of the audit.
- To review External Audit reports, including value for money reports and the annual audit letter.
- To monitor the implementation of external audit reports.
- To review changes to the Standing Orders (SO) and the Financial Regulations of South Essex Homes.
- To examine the circumstances associated with each occasion when SOs are waived and comment as necessary.
- To review the Scheme of Delegation
- To review jointly with the Resources Committee; the annual financial statements before submission to the Board, focusing particularly on:
 - The status and position of service level agreements
 - Changes in and compliance with accounting policies and practices
 - Major judgemental areas
 - Significant adjustments resulting from the audit

The minutes of the Audit Committee meetings shall be formally recorded and submitted to the Board. The Audit Committee shall, at its discretion, report any other urgent and/or relevant matters to the Chair and Board.

The Committee shall be appointed by the Board from amongst the Board Members (with the exception of the Chair) and shall consist of not less than four members. The Board shall appoint the Chair of the Committee. The Director of Corporate Services, Internal Audit Manager shall normally attend meetings and when required the External Auditors. The Chair, Chief Executive and other Board Members shall have the right to attend at their discretion, but may also be required to attend by invitation from the Audit Committee.

The Meeting will normally consist of a Part One and a Part Two. Attendance at Part One will include members of the Audit Committee and representatives, and as appropriate, representatives of internal and external audit. Part Two will be for specific discussion between the Audit Committee and the company's Auditors. Staff will not attend Part Two of the meeting.

Frequency of Meetings:	Minimum of 4 per year
Support to the Committee:	Head of Corporate Services
Date Reviewed:	June 2006
Next Review Date:	June 2007
Membership:	4 Board members
Quorum:	2 Board Members