



SOUTH ESSEX HOMES LIMITED

Audit & Risk Committee

Terms of Reference

The Committee will at all times uphold the organisation's aims, values, objectives and policies.

Statement of Purpose - The Board of Directors has delegated responsibility to the Committee:

- to provide independent assurance of the adequacy of the risk management framework and the associated control environment.
- to provide independent scrutiny of the organisation's governance, financial and non-financial performance to the extent that it affects the organisation's exposure to risk and weakens the control environment.
- to oversee the financial reporting arrangements.

The **duties of the Committee** shall include the following:

Regulatory Framework

- To review Financial Regulations and Scheme of Delegation and arrangements to secure value for money and review effectiveness of these arrangements
- To monitor the effective development and operation of risk management and corporate governance in the company, agreeing necessary actions to ensure compliance with good practice
- To scrutinise, on an annual basis, the performance management framework and Risk Management Framework to ensure that it is fit for purpose and enables the Board to effectively challenge
- To monitor progress in addressing risk related issues reported to the Committee
- To monitor the company policies on Whistleblowing, Anti-Fraud and Corruption and Money Laundering and the complaints process and review the assessment of fraud risks
- To review changes in and compliance with accounting policies and practices
- To scrutinise and approve the Treasury Management Strategy and Policies and its operation

- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Company's framework of governance, risk management and control
- To undertake a wider role leading on the promotion of high standards of conduct as part of the governance arrangements throughout the organisation.
- To scrutinise the ethical governance framework and ensure it is reflected in business practices throughout the organisation

External Audit and Financial Statements

- To recommend to the Board the appointment of the External Auditor and their fees.
- 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, and receive the annual audit letter.
- To monitor the implementation of external audit recommendations.
- To review the annual financial statements before submission to the Board, focusing particularly on:
 - The Directors report and the Governance Assurance Statement
 - The status and position of service level agreements
 - Major judgemental areas
 - Significant adjustments resulting from the audit
 - Review and scrutinise the company's quarterly management accounts and report to the Board

Internal Audit

- To appoint the Internal Auditor, monitor performance against contract/SLA and approve the Charter, Strategy and Audit Plan
- To review and monitor delivery of the Audit Plan, consider performance against agreed performance measures as well as findings from individual audits undertaken and approve any significant changes and associated resource implications
- To monitor the implementation recommendations arising from internal audit reports
- To consider the Head of Internal Audit's annual report and opinion and its implications for the Annual Governance Statement

- To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.
- To contribute to the Quality Assurance and Improvement Plan and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

General Responsibilities

- Where other committees' are responsible for providing assurance over the operation of key company business management processes, the Audit & Risk Committee's remit is to gain appropriate assurance that this work is being done properly and that action taken to improve such arrangements is being taken as required.
- To maintain a work programme that is reviewed annually and agreed by the Board, which provides the outline for the Audit & Risk Committee agenda for each meeting. It should demonstrate that the Committee is receiving sufficient and appropriate information to discharge its responsibilities.
- Ensure effective communication with the Board. The Chair of the Committee will present the minutes of each meeting to the Board to provide information about actions agreed, highlight any matters that need to be brought to its attention and respond to any questions raised
- To meet with the Resident Scrutiny Panel annually to discuss the work programme for the oncoming year.
- To receive recommendations from the Resident Scrutiny Panel in relation to reviews undertaken during the year for agreement or information.
- To monitor and review the performance and financial position of the Commercial Subsidiary at each meeting.
- Act on any specific task assigned by the Board.

The Committee will update the Board on its actions at each Board meeting. At the same time the committee will report to the Board on the effectiveness of its Terms of Reference and recommend any changes for the Board's agreement.

How the Committee will operate

The Committee 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.

The minutes of the Audit & Risk Committee meetings shall be formally recorded and submitted to the Board. The Chair of the Audit & Risk Committee shall, at their discretion, report any other urgent and/or relevant matters to the Chair and/or 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 Business Development and the Head of Internal Audit shall normally attend meetings and when required the External Auditors. All other Board Directors will have the right to attend at their discretion, without the right to vote. The Chair of the Board and the Chief Executive may also be required to attend at the invitation of the Audit & Risk Committee.

The Meeting will normally consist of a Part One and a Part Two. Attendance at Part One will include members of the Audit & Risk Committee and representatives, and as appropriate, representatives of internal and external audit. Part Two will be for specific discussion between the Audit & Risk 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:	Company Secretary
Membership:	Minimum of 4 Board Members.
Attendees:	Director of Business Development, External Auditors and Internal Auditors
Quorum:	2

Reports to the Board

Approved by the Board:

13th February 2018