

Audit and Assurance Committee

Terms of Reference

1.0 Purpose

1.1 The Audit and Assurance Committee (**Committee**) is an operating Committee of the Board of The Community Housing Group Limited (**Board**) (**Community Housing**), responsible for providing assurance on the effectiveness of Community Housing's risk management and internal control frameworks and that the organisation's activities are being managed in a safe manner, within the agreed Business Plan and all legal and regulatory obligations, specifically:

- Review, challenge and monitor the risk management framework and associated policies.
- The internal control framework is robust and reflects the nature, size and strategy of Community Housing.
- Ensure effective internal and external audit processes are in place.
- Receive reports on financial matters, periodic management accounts. annual financial statements, assumptions within the Business Plan and stress testing.
- Compliance with contractual, regulatory and legal requirements.
- Ensure cumulative risk is understood and managed.
- Contribute to delivery of Community Housing's efficiency and value for money targets.
- Review the results of any audits or quality assessments and agree, where necessary, plans to improve performance and mitigate risk.
- Inform and help to shape the strategic direction of risk management, audit and assurance for approval by Community Housing's Board.

2.0 Responsibilities and Powers

Specific

2.1 External Audit

- Tender External Audit services and make recommendations on appointment to the Board.
- Agree the scope of the External Audit and the provision of other services by the External Auditor. The engagement letter should be reviewed at intervals of at least three years and appropriate recommendations made to the Board.



- Consider the External Audit plan and discuss issues that are likely to affect the Audit and financial statements with the Auditors.
- Discuss the External Auditors' Annual Management Report and receive both formal and informal feedback from the External Auditor. At least part of one meeting per year with the External Auditor must take place without any Officers present (in Camera).
- Advise the Board on the soundness of financial systems in the light of the External Audit.
- Consider the Management Letter and the draft response to it and advise the Board accordingly.
- Confirm and determine the fee to be paid to the External Auditor within the agreed budget.
- Review the performance of the External Auditor and determine if value for money is being provided and whether the External Auditor is independent and effective.
- Recommend to Community Housing's AGM the re-appointment of the External Auditor or recommend that the service be re-tendered. Any period of retendering should be in accordance with the Regulatory Body guidelines and as agreed by the Board

2.2 Internal Audit

- Ensure that Community Housing has appropriate Internal Audit arrangements. This involves making the key judgments about the level of risks and, in the light of them, the level of resources that are deployed. The Internal Audit Programme must cover all systems and must involve compliance testing.
- Tender Audit services and make recommendations on the appointment of Auditors to the Board.
- Consider and approve the Internal Audit Plan and Audit programme for each period.
- Commission special studies and investigations on matters relating to its duties and responsibilities.
- Receive and review Internal Audit Reports, take appropriate action and report to the Board on the adequacy and effectiveness of the Internal controls and risk Management Framework, including reviewing and making recommendations to the Board on the statements to be included in the annual report concerning Internal controls and risk Management.
- Consider draft responses and Internal Audit reports and advise the Board accordingly.
- Advise the Board on the soundness of financial, operational and compliance systems in the light of the Internal Audit.
- Confirm and determine the fee to be paid to any External provider of Internal Audit service with the agreed budget.



- Review the performance of the Internal Auditor and determine if value for money is being provided and whether the Internal Auditor is independent and effective. In particular the Audit and Assurance Committee must ensure the Internal Auditor has no conflicts of interest with the External Auditor.

3.0 Monitoring

3.1 The Committee shall monitor:

- Current risks
- Emerging risk
- Controls and working practices across Community Housing
- Actions taken against Audit recommendations/ recovery plans/ risk mitigation requirement
- Financial Performance against Business Plan
- Community Housing's registers including fraud
- Insurance reporting including claims and considering and reviewing the annual report on the insurance portfolio, and risks covered and excluded.

3.2 The Committee shall approve the creation and implementation of appropriate control documents and shall receive reports that provide assurance to the Board of appropriate systems and processes including trend and thematic analysis and evidence of learning from events (incidents, claims and complaints). They shall also challenge the robustness of evidence provided to them and request action plans to address gaps and meet recommendations. This shall include:

- Internal Audit Plan and scope of Audits within the Plan
- Officer action plans in response to Internal and External Audit recommendations
- Reports arising from monitoring by external accreditation bodies, including but not limited to the Regulator of Social Housing, the Care Quality Commission (CQC), TEC Services Association (TSA), etc.
- Risk Management Reports
- Value for Money updates
- Business Continuity Plans
- Responding to delegated duties from the Board.



4.0 Governance, Regulation and Compliance

- To receive reports and self-assessments of compliance with governance and regulatory requirements.
- Review any value for money or best value exercises undertaken and any regulatory body evaluations completed.
- To provide assurance to the Board on the effectiveness of Internal controls relating to governance and regulation.

5.0 Risk Management

- Monitor the adequacy of the organisation's agreed framework for identifying and managing key financial and non-financial risks facing the Community Housing.
- Receive regular updates on the status of Community Housing's Risk Register.
- Keep under review and report to or make recommendations to the Board in relation to the adequacy and effectiveness of Community Housing's internal financial controls and internal control and risk management systems, including reviewing the Strategic Risk Register and reports on risk management and mapping and reviewing any significant legal action being taken by or against Community Housing.
- Ensure that appropriate action is taken by officers to mitigate risk highlighted through internal audit reviews.
- Receive reports on the management of risks through policy and procedure review.
- Review and approve the Whistleblowing Policies and make recommendations on the Probity and Anti Bribery Policy, Risk Management Policy and Scheme of Delegations.

6.0 Fraud and Corruption

- Review and maintain proper arrangements for managing fraud and corruption and the overall effectiveness of deception provision.
- Review all policies for all work related to fraud and corruption.
- Receive an update report on an annual basis from the Company Secretary concerning any entries in Community Housing's fraud register.

7.0 Insurance, Health and Safety, Safeguarding and Data Protection

As part of the annual assurance process, the Committee will receive the following update reports:

- Insurance



- Health and Safety
- Safeguarding
- Data Protection

On an annual basis, the Committee will also be asked to review policies and procedures for both Health and Safety and Safeguarding.

8.0 Annual Advisory Report to the Board

- Every twelve months the Head of Risk and Governance will submit a report to the Board referring to the matters outlined below:
 - The state of control systems
 - The state of reporting processes
 - The performance of External Auditors
 - The External Audit Management Letter
 - The performance of Internal Auditors
 - Fundamental matters arising from Internal Audit Reports
 - Any regulatory body audit or evaluation
 - The contents of the register of detected frauds and losses
 - Arrangements for promoting economy, efficiency and effectiveness.
- This report will review the overall performance of Community Housing's External Auditors once a year and recommend whether this function should be put out to tender.

9.0 Financial Performance and Value for Money

- Receive, review and recommend to Board, financial matters as directed, periodic Management Accounts, Annual Financial Statements, assumptions within the Business Plan and stress testing.
- Review the effectiveness of stress testing against identified risks and combinations of risks across a range of scenarios and the risk mitigations put in place.
- Review and monitor performance against the Board's value for money targets.

10.0 Appointment of Advisers

- Appoint independent advisers as necessary to assist in the delivery of any duties within the Terms of Reference



11.0 General

- The Committee has delegated authority in respect of the matters within these Terms of Reference (except where specified otherwise). However, in the case of dispute, the Board's decision will override that of the Committee.
- In the event of a decision of the Board overriding that of the Committee, the Chair of the Committee shall have the right to report any such decision to the External Auditors (after notification to the Board of this proposed course of action).
- Where appropriate the Committee shall report to external regulatory bodies without recourse to the Board. If the Committee takes this course of action, it shall inform the Board as soon as practicable thereafter.
- The Committee will liaise as necessary with the other Committees of the Board and where applicable as instructed by the Board.
- The Committee reserves the right to refer any questions or issues to the Board for clarification as it considers necessary.
- It will understand the operating environment, needs of the business and link operational activity to the Corporate Plan.
- The Chair of the Committee will report to the Board after each meeting of the Committee on the activities of the Committee and any emerging risks.
- The Committee will review its performance against these Terms of Reference and report to the Board annually in a format prescribed by the Board.
- The Committee will contribute to the Annual Report on the Community Housing's activities.
- The Committee has the right of access to any information it considers necessary for the proper performance of its functions.
- The Committee Members will be provided with appropriate and timely training and development as necessary for the proper performance of their duties.

12.0 Membership

12.1 Membership will comprise:

- Maximum of 4 Board Members, appointed by the Board
- Maximum of 2 co-optees

12.2 The Chair will be a Board Member appointed by the Board



12.3 The following Members/ Officers may attend by invitation:

- The Chair of the Board
- Any Members of the Community Housing Board who may be required to attend from time-to-time
- The Chief Executive of Community Housing
- Any of the Executive Directors of Community Housing
- Any Heads of Service of Community Housing
- Any other officers whose attendance may be required by the Committee from time to time.

13.0 Meetings

- There will be a minimum of 4 meetings a year
- Additional meetings may be called by the Chair, the Secretary or two Committee members writing to the Secretary detailing the business to be transacted.
- Meetings shall be convened by written notice (or e-mail) and the agenda sent to all Committee Members not less than 7 working days before the date of the meeting. Only Committee members and others who have been specifically invited have the right to attend Committee meetings.
- Agendas and associated papers will be circulated to all Members electronically unless they have a medical exemption.
- The quorum will be a minimum of 2 Members.
- Meetings will be serviced by the Secretary.
- Draft Minutes will be produced by the designated minute secretary and agreed by the Chair within 7 working days of the meeting
- Apologies for absence should be notified to the Secretary in advance of the meeting. In the event of a Committee Member being absent for two consecutive meetings, without prior agreement with the Chair, they will be deemed to have vacated their office and will be notified in writing by the Secretary.
- Any Committee Member may request special leave of absence, not exceeding three meetings, over a two-year period. Special leave of absence may be agreed by the Chair and reported to the next meeting of the Committee. Member's attendance at meetings will be reported annually to the Board as part of the annual review of Board effectiveness.
- The business of the meeting shall be limited to items on the agenda and any items accepted by the Chair under any other business.



- In the absence of the Chair of any particular meeting, the role of Chair will be taken by any other Committee Member elected from those present excluding the Chair of the Board and Officers of the organisation. The proceedings of each Committee shall be reported to the Board.
- The Chair of the Committee should attend the AGM to answer any questions that may be raised by shareholders on matters within the Committee's areas of responsibility.

14.0 Urgency Procedures

- Where urgent decisions are needed between scheduled meetings, these will be dealt with by an Urgency Committee comprising of the Chair and at least two Members of the Committee, on the basis of a written report from the Secretary or, their absence, one of the other Directors. Only matters within the remit of the Committee can be dealt with under this system
- The business of the Urgency Committee may be dealt with at a meeting or electronically
- The report should clearly state, amongst other things, why the item concerned could not be brought to a scheduled Committee meeting.
- Any Urgency Committee business should be reported to the Committee at the next meeting and any consequent decision minuted accordingly.

15.0 Chairs Action

- Where it is essential for the effective operation of the Committee, the Chair will have delegated authority to make decisions and commit expenditure on urgent matters between Committee Meetings and outside of the Urgency Procedures (**Chair's Action**). The following process will operate when making decisions under the Chair's Action:
 - The Lead Director or most senior Executive available, will alert the Chair, or in their absence the Acting Chair, that an urgent matter has arisen on which a decision under Chair's Action must be taken. They will decide whether the matter requires an urgent decision under Chair's Action, or whether the Urgency Procedures should be used or by reference to the Committee as a whole, whether a full Committee Meeting should be called.
 - The Chair, or in their absence the acting Chair, in consultation with the Lead Director or most senior Executive available will take all necessary decisions under the Chair's Action to fulfil the Committees responsibilities.
- The business conducted under Chair's Action may be conducted by way of meetings or electronically.
- Matters to be decided by Chair's Action will be set out in writing, with a clear recommendation, to be signed as approved and dated by the Chair or Acting Chair and be added to the Chair's Action register.



- All decisions made under Chair's Action must be reported at the next meeting of the Committee. The report should clearly state, amongst other things, why the item concerned could not be brought to a scheduled Committee-meeting or dealt with under the Urgency Procedures. Any consequent decision of the Committee should be minuted. accordingly. The use of Chairs Actions should also be reported by the Chair to the next Board Meeting.

16.0 Terms of Reference Review

The Terms of Reference will be reviewed at least annually as part of the annual Board self-evaluation or as and when amendments are required.

Approved by:

Audit and Assurance Committee on Wednesday 13th June 2023

The Community Housing Board on Wednesday 21st June 2023

