Great Places Housing Group
Audit and Assurance Committee Terms of Reference

1. Status and Authority

The Audit and Assurance Committee (the Committee) is a standing committee of the Board of Great Places Housing Group (the Board). It operates under delegated authority from the Board and reports to it after each meeting.

The Committee has authority to investigate any activity within the scope of these Terms of Reference and to obtain such information and professional advice as it considers necessary to fulfil its responsibilities.

2. Purpose

The purpose of the Committee is to support the Board in fulfilling its responsibilities for

- the integrity of financial reporting,
- the effectiveness of systems of internal control and risk management,
- compliance with legal and regulatory requirements, and
- the effectiveness and independence of internal and external audit.

3. Membership and Quorum

3.1 Membership

- The Committee shall comprise between three and six non-executive Board members appointed by the Board.
- At least one member shall have recent and relevant financial experience.
- The Chair of the Board shall not be a member of the Committee.
- Executives shall not be members of the Committee.
- The Committee may appoint co-optees to strengthen skills and experience where required.

3.2 Attendees

- The Group Chief Executive, Chief Financial Officer, and Director of Assurance shall normally attend meetings, as may other colleagues by invitation of the Committee Chair.
- Invitees attend at the discretion of the Chair and shall have no decision-making authority.

3.3 Conflicts of Interest

- Where a material conflict of interest arises, the individual concerned shall withdraw from the meeting for the relevant item and shall not participate in the discussion or decision-making.

3.4 Quorum

- The quorum shall be 50% of members, or a minimum of two members.

4. Meetings and Attendance

- The Committee shall meet at least four times each financial year.
- The Committee shall meet privately with internal and external auditors at least annually.
- Additional meetings may be convened at the request of the Committee Chair as required.

5. Authority and Access

- The Committee may call any employee to attend a meeting.
- The Committee has unrestricted access to all information required.
- The Committee may commission investigations into any matters within its remit.
- The Chair has access to independent legal and professional advice.

6. Responsibilities

6.1 Financial reporting

Review the Annual Report and other published information relating to the Group's financial performance and confirm with the external auditors that it meets all statutory and governance requirements and that there are no unsettled issues of significance between the management and the auditors which could affect the truth and fairness of the statements.

Review the disclosures made in the statements about any significant deficiencies or material weaknesses in the design or operation of internal financial controls.

In particular, review and challenge where necessary:

- The consistency of, and any changes to, significant accounting policies.
- The methods used to account for significant or unusual transactions where alternative accounting approaches can be adopted.
- Whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the view of the external auditor.
- The clarity and completeness of disclosure in the Group's externally published financial reports and the context in which the statements are made.
- All material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management.

Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group, it shall report its views to the Board.

6.2 Risk Management and Internal Controls

The Committee shall annually:

- Review progress on the Risk and Assurance Strategy milestones.
- Review the Group's statement of risk appetite and recommend any changes to Group Board.
- Review the draft annual report on the effectiveness of the systems of internal control systems (based on the internal auditor's report and other sources of assurance) and make appropriate recommendations to the Board.

The Committee shall triennially:

- Review the Group's Risk and Assurance Strategy and associated Risk Management Policy and consider whether both remain appropriate and effective for the Group and its activities.

The Committee shall also:

- Obtain assurance that the Risk Management Policy is being applied throughout the year, leading to a sufficient and systematic identification and assessment of the strategic and operational risks facing the Group.
- Review the individual and combined material risks faced by the organisation and management plans and strategies to mitigate and manage them effectively.
- Scrutinise and evaluate material risks ensuring that all risks with a residual score which constitutes a place in either the black or red sections of the risk map are evaluated once every 12 months.
- Endorse a programme of testing of the risk mitigations and controls that underpin the Group's assessment of residual risk compared to risk appetite.
- Monitor and review the standards of risk management and internal control, including the process and procedures for ensuring that material operational risks are properly identified and managed.
- Ensure that the impact of alleged or actual fraudulent activity on the framework of internal control is properly assessed and, where necessary, recommend changes to strengthen the control framework.
- Commission any special investigations into specific matters of concern relating to internal controls, including fraud and whistleblowing.
- Obtain assurance on effectiveness of arrangements by which staff may raise concerns (whistle-blowing/Speak Up Policy) about possible improprieties.
- Receive reports relating to matters of whistle-blowing or alleged or actual fraudulent activity.
- The Board may task the Committee with considering any statutory, regulatory or inspection reports, recommendations or notices of non-compliance with requirements, and proposed responses and action plans.
- Receive and consider reports on assurance against the Regulatory Framework.
- Receive reports assuring the maintenance and currency of the Asset and Liability Register.
- Receive reports on the application of the Probity Policy and entries into the Hospitality Register.

6.3 Internal audit

The Committee shall annually

- Review and approve the annual and rolling internal audit plan, and monitor delivery of the plan, including approving any changes during the year.
- Review the performance of the internal audit service.
- Consider the effectiveness of co-ordination between internal and external auditors and make any appropriate recommendations.

The Committee shall also

- Identify and obtain assurance on areas of risk not included in the audit plan – or where further/alternate assurance is appropriate.
- Receive and consider reports by the internal auditor on significant audit findings, together with the response from managers to these reports.
- Receive regular tracking reports from management on implementation of agreed internal audit recommendations.
- Regularly review the internal audit and assurance arrangements, including the appointment, reappointment, fees and method and terms of engagement of the internal auditor, including periodic retendering (appointment specifically delegated to the Committee).

6.4 External audit

The Committee shall annually

- Determine the annual limit for provision of non-audit services by external auditors.
- Discuss with the external auditor any problems, reservations or issues arising from the interim or final audits or other investigations.
- Advise the Board (acting as shareholders) on the (re)appointment of the External Auditor
- Review and monitor the external auditor's independence and objectivity, and annually appraise the effectiveness and value for money of the External Auditor service.
- Agree the annual engagement and representation letters and recommend them to the Board for signature.
- Approve the fees and terms of engagement of the External Auditor.
- Agree, and monitor the programme of work of, the External Auditor.

The Committee shall also oversee the tendering and procurement of External Auditor services on an agreed cycle.

6.5 Performance assessment

The Committee shall annually

- Consider the skills, knowledge and experience of the committee members and advise the Board on any changes considered necessary, including the appointment of a co-opted member or members.
- Review the effectiveness of the committee ensuring that all responsibilities have been effectively discharged. Identify any specific learning and development needs.
- Provide an annual report to the Board, including proposed priorities and targets for the following year.
- Review and propose any changes to the committee's responsibilities.

6.6 Compliance and Governance

- Obtain assurance on compliance with the Code of Governance.
- Review regulatory compliance and statutory obligations including reports of assurance against the Regulatory Framework.
- Receive reports on statutory / regulatory inspections and notices of non-compliance, regulatory judgements and action plans.
- Ensure probity arrangements are effective, including hospitality reporting.
- Oversee whistleblowing (Speak Up) arrangements and reports.
- Receive reports assuring the maintenance and currency of the Asset and Liability Register.

7. Reporting

- The Chair will provide a report to the Board after each meeting and ensure minutes are made available in the Document Library
- The Committee will provide an annual report on activities and effectiveness, setting objectives for the following year.
- The Committee will ensure they highlight any significant issues relating to financial control, risk or audit.
- The Committee will provide assurance to support the Board's statements in the annual report.

8. Additional Duties

- The committee will be given the opportunity to consider and comment upon the appointment or dismissal of the strategic lead for Risk Management and Internal Audit – namely the Director of Assurance. The Committee will be provided with a copy of that post-holders resignation letter.