

CALEDONIA GROUP

Group Audit & Risk Management Committee – Terms of Reference

The Governing Body of Caledonia Housing Association has established a Group Audit & Risk Management Committee to support the Governing Bodies in the Group in the discharge of their duties relating to risk management, control, governance and the external and internal audit functions. These Terms of Reference set out the areas of responsibility of the Group Audit & Risk Management Committee.

Membership

Members of the Group Audit & Risk Management Committee will be appointed by Caledonia's Governing Body on an annual basis at the first Caledonia Governing Body Meeting following its Annual General Meeting. The Group Audit & Risk Management Committee will consist of a minimum of 4 and a maximum of 7 members. One place will be reserved for members of Cordale's Governing Body, who in turn will select its nominee.

Caledonia HA's Governing Body will appoint a Chair and, if deemed appropriate a Vice Chair, from the Group Audit & Risk Management Committee members, but this shall not be the Chair of the Governing Bodies of Caledonia or Cordale HAs.

Caledonia's Director of Finance and Governance will attend Group Audit & Risk Management Committee meetings and fulfil the secretariat role. Other senior staff will be invited to attend meetings as required. Other Governing Body members are welcome to attend any meetings as a guest.

Quorum

The quorum necessary for the transaction of business is three. A meeting convened at which a quorum is present is competent to undertake all duties and responsibilities of the Group Audit & Risk Management Committee.

Frequency of Meetings

The Group Audit & Risk Management Committee will meet quarterly. An annual work programme and reporting cycle will be prepared to support the work of the Group Audit & Risk Management Committee. The Chair can call additional meetings as required.

The notice of each meeting along with supporting documents and reports will be issued to members 5 days prior to the meeting.

Reporting

The Group Audit & Risk Management Committee will formally report to the Group Members' Governing Bodies after each meeting. In doing so, it shall identify any matters where it considers action or improvement is needed; and will make any associated recommendations. A copy of the minutes of the meeting may form the basis of the report. In addition the Group Audit & Risk Management Committee will provide an Annual Report to the Group Members' Governing Bodies linked to the year-end audited accounts and

statement on internal control, summarising the Group Audit & Risk Management Committee's performance and conclusions from the work carried out during the year.

Duties & Responsibilities

a) Financial Reporting

The Group Audit & Risk Management Committee will:

- review and monitor the integrity of the annual financial statements, annual reports, management letters and any other statements relating to financial performance
- review and approve financial returns to regulators
- review and challenge where necessary the accounting policies; accounting treatments and compliance with legal and regulatory standards for financial reporting.

b) Internal Controls and Risk Management Systems

The Group Audit & Risk Management Committee will:

- review and monitor the effectiveness of internal, including financial, controls and risk management systems including the risk map
- review and approve the statements in the Annual Reports of each of the Group Members, on internal control and risk management.

c) Internal Audit

The Group Audit & Risk Management Committee will:

- retain primary responsibility for recommending the appointment, re-appointment or removal of the Internal Auditors
- approve the contractual terms of engagement of the Internal Auditor
- approve the remit of the Internal Auditors including the annual Internal Audit Plan and the scope of the internal audit programme
- review all reports received from the Internal Auditors and managements responses to the findings and recommendations of the Internal Auditors.
- Monitor and review the effectiveness of internal audit activities, including the use of the Internal Auditor to carry out non-audit duties; and will report on this to the Governing Bodies on an annual basis.
- Monitor progress made by management in addressing internal audit actions.

d) External Audit

The Group Audit & Risk Management Committee will:

- retain primary responsibility for recommending the appointment, re-appointment and removal of the External Auditors
- approve the contractual terms of engagement of the External Auditor

- review the findings of the audit with the External Auditor, discussing any issues arising during the audit; accounting and audit judgements; and errors identified during the audit
- review the management letter and the response to the findings and recommendations.
- review and monitor the External Auditor's independence and objectivity; and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- approve and review the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance

e) Whistleblowing & Fraud

The Group Audit & Risk Management Committee will:

- Review the arrangements for whistleblowing and detection of fraud.

f) Cyber Security

- Monitor and review the Group's cyber security risks and the measures being put in place to mitigate these risks.

g) Other Matters

The Group Audit & Risk Management Committee will:

- have access to sufficient resources to carry out its duties
- be subject to an annual effectiveness review by the Management Board

Authority

The Group Audit & Risk Management Committee is authorised to:

- seek relevant and appropriate information to support its activities and terms of reference
- obtain necessary external professional advice on matters within these terms of reference in line with budget provision.