



Terms of Reference for Committees

Audit & Risk Committee

Company Details

Ekaya Housing Association Limited

Head Office Address & Contact Details

145 Stockwell Road

London SW9 9TN

Telephone No: 020 7091 1800

Website: www.ekaya.co.uk

Status

Registered with and regulated by the Regulator of Social Housing (RSH) under Registration No: LH3940

An organisation with charitable status registered under the Co-operative and Community Benefit Societies Act 2014: FCA Mutual Societies No: 25683 R

Terms of Reference for Committees

The Association has three Committees, the Audit & Risk Committee, Policy & Performance Committee and the Remuneration & Governance Committee, which are given delegated authority from the Board. The Audit & Risk Committee is responsible for the overseeing of all internal and external audits of the Association. The Chair of this Committee is required to make reports to the Board. The reports will include the minutes of the Committee meeting and any new policies or major changes in existing policies for endorsement, adoption or note.

Audit & Risk Committee

Responsibilities

To be responsible for ensuring the provision of an effective internal and external audit function and for maintaining an overview of all the Association's activities to ensure that they are economical, efficient and effective. Specific responsibilities are:

Membership & Quorum

1. The Audit & Risk Committee shall consist of a minimum of three (3) Board members and a maximum of six (6) non-executive Board members (including Co-optees).
2. The quorum for the Audit & Risk Committee necessary for the transaction of business shall consist of two (2) Board members, present in person or by internet or telephone conferencing facility. No executive staff may be a member of the Committee.
3. The Board shall appoint and confirm the members of the Committee and the Committee Chair annually.
4. The membership must include at least one member with the relevant financial skills and who is a qualified accountant.
5. The Chair of the Board cannot be a member of the Audit & Risk Committee. They may attend and observe the meeting.
6. The Vice Chair of the Board may be a member of the Audit & Risk Committee, but must not be the Chair, or the Chair of any other Committee.
7. The Committee Chair will be a Board member and will also act as the Treasurer of the Association.
8. The Board will review the overall membership of the Committee (including length of service) from time to time based on the changing needs of the Association and the skills needed.

Attendance & Frequency of Meetings

10. The Audit & Risk Committee shall meet four (4) times annually or as otherwise agreed.

Attendance & Frequency of Meetings

11. Staff may attend and report at the meeting, as appropriate. Attendees will usually include:

- Members of the Senior Management Team (SMT)
- Members of the Middle Management Team (MMT)
- The Company Secretary and minute taker (if not the Company Secretary)
- Representatives of the internal auditor, and the external auditor as required
- Other professional advisors, as required
- Other staff, as required

Voting

12. Decisions will normally be made by general consensus but for the avoidance of doubt each member present in person shall have one vote. In the case of an equality of votes, the Chair will have a second or casting vote.

Reporting

13. Draft minutes of Committee meetings will be sent to the Committee Chair for approval within seven working days of the meeting and the following timescales will then apply as far as is reasonably practical:
 - the Chair will respond within five working days
 - the draft minutes will be circulated within 15 working days of the meeting thereafter to all Committee members.
14. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. Draft minutes, once approved by the Committee Chair and circulated to the Committee, will be presented to the next Board meeting for noting. Any recommendations from the Committee will be considered by the Board. .
15. Any matters outside the authority of the Audit & Risk Committee requiring decisions by the Board will be referred to the Board for their consideration and decision.

Operational Arrangements

16. Where a meeting is scheduled to occur, the agenda for such meeting will be determined by the Committee Chair and the Company Secretary, or the Committee lead taking into account the views of other members of the Committee and the main Board, as necessary.
17. The Company Secretary or his or her nominee shall act as secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner – no later than five working days prior to the date of the meeting to enable full and proper consideration to be given to the issues.

Terms of Reference – Audit & Risk Committee

Purpose

- To support and deliver Ekaya's vision, mission and objectives by monitoring and approving the development of policies and strategies to drive continuous improvement.

- To ensure that systems of internal control, assurance and risk management are appropriate and effective across all parts of the Association, and that the legal, statutory and regulatory requirements of the Association are properly audited and reviewed.
- To act on the delegated authority of the Board and report to the Board at each Board meeting all decisions taken under its delegated powers, and all recommendations for subsequent Board decisions. Specific responsibilities delegated by the Board are:

Financial Reporting

- Monitor the integrity of the financial statements of the Association, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.
- Review the annual financial statements before submission to the Board, focusing particularly on:
 - any changes to accounting policies and practices
 - major issues of decision
 - significant adjustments resulting from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with legal and regulatory requirements
- Annually review the Financial Regulations, Scheme of Delegation and the annual financial statements and recommend them to the Board for approval.
- Receive, as appropriate, reports on any governance, statutory, regulatory, funder, assurance or compliance issue, which may have a material impact on the Association's business operations, financial viability or risk management.
- Produce an annual assurance report for the Board on the work of the Committee for inclusion in the annual report and statement of accounts.

Performance Management

- To receive reports and recommend to the Board on any Regulatory Review evaluation which relate to this Committee.

Internal and External Audit

- To oversee, monitor and review data protection, ICT security, disaster recovery and business continuity plans, as well as the systems of internal control, the external audit function and the internal audit function for the Association, in order to ensure that these functions are effective, robust and that risk is effectively managed by the Association.
- To approve a specification for the internal and external audits and to tender on a five-year basis, evaluate and recommend the appointment (and reappointment, or otherwise) of the most cost effective auditors to the Board.
- Approve the fees and terms of engagement of the internal and external auditors for the Association.

- To ensure effective co-ordination between the internal and external auditors.
To review and agree the internal audit programme, consider the subsequent report, findings, and management's response, and monitor subsequent actions.
- To review and recommend to the Board the internal auditor's annual report including comments on the adequacy and effectiveness of the Association's system of internal controls.
- To consider the appointed external audit plan before the audit commences and to consider the draft report on their findings.
- To review and ensure that action is taken on the external auditor's management letter and management's response.
- To recommend to the Board the external auditor's management letter.
- The internal/external auditor should have the right of access to the Chair of the Audit & Risk Committee to discuss any matter that, in their opinion merits such contact and to request that a meeting of the Committee be convened, if this is necessary.
- To ensure there is an opportunity to meet in closed session (without staff being present) with the external auditors at least annually.
- To commission special investigations into matters of particular concern relating to internal control.
- To ensure that appropriate disaster recovery and contingency plans are in place and tested regularly.

Confidential Reporting (Bribery, Fraud, Money laundering, Tax Evasion and Whistleblowing)

- To ensure that the impact of any alleged or fraudulent activity is properly assessed, appropriately reported or escalated and, where it considers it necessary, recommend changes to strengthen the control and assurance framework.
- To receive reports on all allegations made and investigations undertaken of bribery, fraud, money-laundering, tax-evasion, other irregularities, and whistleblowing, ensure that appropriate action is taken and followed up, and determine if existing internal controls are satisfactory.
- To ensure that bribery, fraud, money-laundering, tax evasion and whistleblowing registers are maintained and provide an annual assurance report to the Board.
- To review the adequacy and security of the Association's arrangements for its staff and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. This Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- To review the Association's procedures for detecting fraud and receive annual reports on performance.

Risk Management

- To ensure the Association has in place an effective approach to risk management, which covers both financial and reputational risk.
- Assess the overall risk appetite, tolerance and strategy of the Association.
- To review on an annual basis the approach and processes for risk assessment, quantification, management and mitigation within the Association, making recommendations to the Board for change as necessary or appropriate. Take note of the regulator's annual Sector Risk Profile, other regulatory requirements and guidance, and sector best practice.
- To review the Risk Management Policy/Framework as a minimum every three years or when the business model changes and recommend changes to the Board.
- To establish an effective risk management framework, monitor, at each meeting, the Risk Register and key risks facing the Association, review the overall Risk Register annually, and provide assurance to the Board on the effectiveness of mitigating potential risks.
- To ensure that there is a sufficient and systematic review of risk management arrangements that identifies all major risks, which might prevent the Association from delivering its financial business plan and corporate plan objectives.
- To advise and make recommendations to the Board on treasury management and borrowing strategy, ensuring sufficient capacity (short and long term) to deliver the Business Plan.
- To scrutinise business plan stress tests and mitigation effectiveness, ensuring that appropriate business continuity and contingency plans are in place, tested regularly, and that a report is included in the annual Statement of Internal Controls

To ensure that where it identifies a risk in an area that is the functional responsibility of another Committee or the Board, that it highlights the issue to that Committee or the Board.

Value for Money

- To review information on the Association's costs, variations in costs, main cost drivers and benchmarking of costs against other providers, seeking assurance from staff regarding cost reductions and/or outcome improvements
- To provide assurance to the Board that there is a comprehensive Value for Money Strategy; that the Association ensures the most cost effective use of assets and resources to deliver its corporate plan objectives; and that future investments will be cost effective in achieving desired outcomes
- To have annual oversight of the Value for Money self-assessment and recommend the report to the Board for approval.

Insurance

- To review the Association's insurance annually to ensure assets are protected by adequate insurance or other cover

- To oversee and approve the selection process for insurers and if an insurer declines to insure, investigate the issues leading to this and decide whether any action is required
- To receive and review an assurance report annually around the insurance in place and its adequacy, demonstrating VFM.

Review

- The Committee will review its own performance, constitution and terms of reference annually, or as and when necessary, to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.