

## AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

### **Membership**

1. The Committee shall comprise a maximum of five Parent Board members, excluding the Chair of the Parent Board, who cannot serve on the Committee.
2. Following agreement with the Board, the Committee may co-opt further Independent Committee Members if required, however, the Committee's membership should never include more than 40% co-opted members. Co-opted members will be (re)appointed annually.
3. Paid CGA staff cannot be members of the Audit and Risk Committee.
4. The maximum tenure on the Audit and Risk Committee is six years.
5. The Chair will be appointed annually by the Parent Board. The Chair of the Committee must either be a member of the Parent Board or have clear arrangements for reporting to the Parent Board.
6. Only members of the Committee have the right to attend committee meetings. However, other individuals such as executive officers/internal advisors shall attend to support and serve the committee and external advisors may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

### **Secretary**

7. The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner, to enable full and proper consideration to be given to the issues.

### **Quorum**

8. The quorum necessary for the transaction of business shall be three, excluding co-opted members.

### **Meetings**

9. The Committee will meet at least three times a year and otherwise as required. Meetings may be in any format or use any mode or media.

10. At least annually the Committee shall meet in closed session with the external and internal auditors together or individually, as required.
11. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair.
12. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
13. The Secretary will ensure that meetings are minuted and these minutes are circulated to the next appropriate meeting of the Parent Board.

### **Responsibilities of the Committee**

14. The Audit and Risk Committee is responsible for the following for the CGA Group of companies:
  - **Appointment of external auditor:** Reviewing the terms for the selection and remuneration of the external auditors.
  - **Appointment of internal auditor:** Reviewing the terms for the selection and remuneration of the internal auditors.
  - **Audit programmes:** Agreeing the annual audit programmes.
  - **External audit recommendations:** Monitoring the implementation of external audit recommendations.
  - **Management letter:** Reviewing management letters and other similar reports. Reporting on the reports, the response to them and remedial action necessary to the Board.
  - **Auditor's performance:** Reviewing annually the performance of the external and internal auditors.
  - **Non-external audit services:** Agreeing the policy and procedures for contracting non-external audit services provided by the external auditors.
  - **Reports from internal auditor:** Receiving reports on the programme, from the internal auditors, at least twice a year. Reviewing the recommendations made, responses to the reports and the progress of their implementation.

- **Additional audit:** Commissioning additional external and/or internal audit exercises or reviews it considers necessary and monitoring the implementation of recommendations arising from any additional audit activity. Additional work may be commissioned following discussion with internal or external auditors where they have noted any instances of employee fraud, questionable or illegal payments, or violations of laws or regulations.
- **Insurance Provision:** Conduct an annual review of CGA's insurance provision and claims history in so far as it impacts on the organisations risk management activities.
- **Internal controls assurance:** Overseeing arrangements for internal controls. Considering statements on internal controls assurance contained in the statutory accounts and recommending whether they are made on an acceptable basis.
- **Wider assurance framework:** Ensuring there are sound policies, procedures and systems in place to enable demonstrable compliance with relevant regulatory and legal requirements (e.g. Information Governance, Fraud and Anti-Bribery). This will include regularly reviewing the Board approved policy framework to provide assurance that policies are being updated and presented for approval in accordance with review dates.
- **Financial Statements:** Reviewing the audited financial statements and the external auditors report on them. Recommending approval of the audited financial statements to the Board.
- **Fraud reporting:** Ensuring compliance with regulatory requirements on the reporting of fraud. Monitoring all entries made in the fraud register.
- **Risk strategy and risk monitoring arrangements:** Reviewing the effectiveness of the mechanisms in place for the management of risk. This will include:
  - Evaluating the Risk Management Strategy and supporting procedures on an annual basis and making recommendations to Board as appropriate.
  - Annually reviewing the Group's Risk Appetite Statement and making recommendations to the Parent Board as appropriate.
  - Undertake quarterly reviews of the Corporate Risk Register and review all the Group's Risk Registers at least annually,

considering the adequacy of mitigating actions and making recommendations to the relevant Board as appropriate.

- **Digital and Data Strategies:** Oversee the delivery of these Strategies ensuring the organisation is data driven and makes best use of data and technology to inform decision making, maintain high business standards and provide high quality homes and services.
- **Committee membership and effectiveness:** Reviewing the Committee's membership and effectiveness on a regular basis, to ensure that it has appropriate skills and relevant experience. Where this has not been the case, identifying suitable candidates for Committee membership.

### **Reporting Responsibilities**

15. The Committee Chair shall report to the Parent Board, on its proceedings after each meeting, on all matters within its duties and responsibilities.
16. The Committee shall make whatever recommendations to the Parent Board it deems appropriate on any area within its remit where action or improvement is needed.
17. The Committee shall ensure the Group complies with all legislative and regulatory requirements in terms of its activities and any disclosure requirements.

### **Authority**

18. The Committee shall arrange for periodic reviews of its own performance and regularly review its constitution and terms of reference to ensure it is operating at maximum effectiveness, recommending any changes it considers necessary to the Parent Board for approval.