# Audit, Risk and Assurance Committee

**Terms of reference and delegated authority
Year effective: 2025**

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| **Establishment and Powers** | This Committee is established on the authority of the Board and powers and responsibilities are delegated to it from the Board. Any changes to such require Board Approval. |
|  **Chairperson:**  | The Chair will be a member of the Board and appointed by the Board. The Chair will not be the Board Chair.  |
| **Deputy:** | N/A  |
| **Quorum:** | Two members one of which must be a Board Member |
| **Membership:** | At least three members appointed by the Board. At least two members will be Board Members and the Board may also appoint up to 2 co-optees (co-optees or ‘independent’ committee members are non-executives who are appointed as Committee Members but do not sit on the Board)At least one member will have recent and relevant financial experienceThe Board Chair or an Executive (or other member of staff) will not be a member of the Committee. |
| **Frequency of Meetings:** | At least 4 times per year. |
| **Main Purpose:** | The Audit, Risk and Assurance Committee assists the Board to fulfil its corporate governance and compliance responsibilities in relation to Habinteg’s financial reporting, internal controls system, risk management system and internal and external audit functions by ensuring adequate assurance on the matters set out below. |
| **Serviced By:** | The Governance Team |
| **Executive Lead:** | Chief Financial Officer  |
| **Other Support** | The Committee is authorised to obtain external, legal or other professional advice on any matters within its terms of reference with due regard to Value for Money. The Committee is also authorised, within budgetary restraints imposed by the Board, to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties. |
| **Minutes:** | Minutes to be taken by a member of the Governance Team. |

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| Responsibilities and Delegated Authority |
| 1. | Internal Audit |
| a. | To oversee the tender and selection process for the internal audit service provider and recommend to Board the appointment and termination of those providing internal audit services, including terms of engagement. |
| b. | To monitor and review the effectiveness, independence and objectivity of Habinteg’s internal auditor annually and to review their appointment at least every six years. |
| c. | To approve and monitor delivery of the annual internal audit plan including the fee to be paid and approve any changes during the year. |
| d. | To consider reports from the internal auditor on audit findings, recommendations and management responses and to monitor progress against agreed actions. |
| e. | To identify and obtain assurance on areas of risk not included in the audit plan – or where further / alternative assurance is appropriate. |
| f. | To meet with the internal auditor at least annually without the presence of management to review their findings and to discuss any issues. |
| 2. | External Audit |
| a. | To oversee the tender and selection process for the external auditor and recommend to Board the appointment including terms of engagement (or annually the re-appointment of the existing provider) and termination of those providing external audit services. |
| b. | To annually approve the fee to be paid to the external auditor. |
| c. | To consider and review the accounting principles to be used in the production of the annual financial statements. |
| d. | To review the external audit work on behalf of Habinteg and to consider whether or not Habinteg is getting good value for money from the external auditors. |
| e. | To review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process annually; including obtaining assurance that there are no relationships between the auditor and Habinteg that could adversely affect the auditor’s independent judgement and objectivity. |
| f. | Meet regularly with the auditor (at least at planning stage and after the audit) and annually in a closed session to review the auditor’s remit and any issues arising from the audit. |
| g. | Review the audit representation letters before consideration by the board, giving particular attention to matters relating to non-standard issues. |
| h. | Review the audit findings with the auditor including any major issues which arose, key accounting and audit judgements, levels of error identified, and the effectiveness of the audit process. |
| i. | Review the content of the auditor’s management letter in order to assess whether it is based on a good understanding of Habinteg’s business and to monitor completion of actions taken in response to recommendations.  |
| **3.** | **Internal Controls** |
| a. | Monitor the effectiveness and adequacy of Habinteg’s internal control framework and risk management systems and obtain assurance that any material weaknesses are identified and remedied and provide assurance/escalation to the Board.  |
| b. | To approve Habinteg’s Policies on Fraud, Bribery & Corruption and Money-Laundering and to monitor incidents of such (actual or suspected) and obtain assurance that appropriate action has been taken including any required improvements to the internal control framework. |
| c. | To commission special investigations into matters of particular concern relating to internal control, including reports of fraud. |
| d. | To approve Habinteg’s Policy and procedures for whistleblowing and provide assurance that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action and receive reports of whistleblowing. |
| e. | To be involved [, and make determinations] where necessary or appropriate, in issues raised through Habinteg’s ‘Whistleblowing Policy’carry out its designated functions as set out in the Anti-Fraud and Whistleblowing Policy and Procedures. |
| 4. | Risk Management and Compliance |
| a. | To promote a culture of risk awareness and risk management throughout Habinteg. |
| b. | To provide assurance that Habinteg has adequate risk management arrangements and to keep these under review. |
| c. | To review the Strategic and Operational Risk Registers and provide assurance that all major risks are covered and risk is appropriately responded to through action plans, controls and mitigation. |
| d. | To consider new and emerging risks and provide assurance that appropriate mitigation is planned and taken. |
| e. | Review the annual report on the effectiveness of the systems of internal financial control, internal controls and risk management and make appropriate recommendations to the Board  |
| f. | To monitor the effectiveness of the framework to protect the health and safety of Habinteg’s staff, customers and any other person impacted by its activities including compliance with Building Safety law and associated regulation. |
| g. | To gain assurance annually on compliance with the Regulatory Standards and Habinteg’s Adopted Code of Governance including any non-compliance to be disclosed in the annual report. |
| 5. | Financial Reporting and Management |
| a. | To review on behalf of the Board, the appropriateness of draft Business Plan assumptions and stress testing scenarios, in advance of the Board’s approval of the Business Plan. |
| b. | To oversee the preparation of the annual budget and any reforecast and recommend for approval by the Board. |
| c. | To receive reports and comment on the quarterly and annual management accounts. |
| d. | Monitor the integrity of the financial statements; review and challenge, where necessary, the actions and judgements of management in relation to Habinteg’s financial statements, operating and financial review and interim reports before submission to the Board for approval. |
| e. | In particular, the Committee shall review and challenge where necessary:  |
|  | * Compliance with accounting standards and the consistency of and any changes to accounting policies on a year on year basis.
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|  | * Compliance with UK corporate tax laws.
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|  | * The impact of significant or unusual transactions and the clarity of their disclosure.
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|  | * The going concern assumption.
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|  | * Significant adjustments resulting from the audit.
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| f. | To recommend to Board for approval the annual Treasury Management Strategy and Policy and monitor compliance against such. |
| g. | To monitor the effectiveness of Treasury Management arrangements through quarterly reports. |
| h. | To oversee cash investments, ensuring compliance with financial covenants.  |
| i. | To oversee the tendering for new loans and recommend new loans to the Board. |
| 6. | Business Continuity/Disaster recovery |
| a. | To provide assurance that Habinteg has a suitably comprehensive, tested and up to date Business Continuity Plan and Disaster Recovery Plan to appropriately mitigate current and emerging risk.  |
| 7. | Efficiency and Value for Money |
| a. | To oversee the implementation of Habinteg’s Value for Money Strategy and monitor its effectiveness. |
| b. | To help promote a culture of continuous improvement and Value for Money within the organisation. |
| c. | To approve and oversee the Procurement Policy and monitor its effectiveness. |
| **8.** | **Other duties** |
| a. | To review all changes to the Financial delegations and recommend approval to Board. |
| b. | To approve write off income/debts above £5,000. |
| c. | To approve or recommend for Board approval relevant policies as set out in the Policy Framework. |
| d. | To approve arrangements for the renewal of Habinteg’s insurance policies |
| e. | To receive and consider reports from staff on any statutory, regulatory or inspection reports, recommendations or notices of non-compliance with requirements, and proposed responses and action plans. |
| 9. | Governance and Reporting  |
| a. | To annually review its effectiveness and Terms of Reference and to report on such to the Board. |
| b. | To make available the minutes of all meetings to the Board. The Chair will highlight material matters from the minutes at the Board meeting. |
| c. | The Committee is free to meet without staff being present and may have discussions with the external auditors and internal auditors separately without staff being present. The internal and external auditors have the right of access to the Chair of the Committee and the right to request that a meeting of the Committee is convened if necessary. |