TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

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<tr><td>Name of committee:</td><td>AUDIT AND RISK COMMITTEE</td></tr>
<tr><td>Matters reserved for the Board which the committee advises the Board on:</td><td>
<u>Whistleblowing</u>
To review the Whistleblowing Policy and report to Board of any instances that arise.
<u>Regulatory Compliance</u>
Monitoring the status of the Association’s Assurance Statement and overseeing the continuous improvement process in this regard.
Monitoring and receiving reports in relation to the Notifiable Events Register.
<u>Policy Development and Approval</u>
Consider Policies in accordance with the Association’s Policy Framework, and make recommendations to Board.
<u>Risk Management</u>
To review the Group’s Risk Policy, as part of a review consultation process, and make comment to the Board.
To consider the Association’s Risk Processes and make recommendations to Board for their approval.
To review the Association’s Corporate Risk Register at each meeting and make recommendations to Board on its adequacy or otherwise.
<u>Fraud Prevention</u>
To review and consider all reports from both external and internal auditors on any frauds, or attempted frauds before they are reported to Board.
<u>Internal Controls</u>
To monitor performance and compliance with internal controls and, where appropriate, recommend corrective action to the Board.
<u>External Audit</u>
Reviewing and challenging where necessary, the actions and judgements of management, in relation to the annual financial statements before recommendation of approval by the Board, paying particular attention to:
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	1. Critical accounting policies and practices and any changes to them 2. Decisions requiring a major element of judgement 3. The extent to which the financial statements are affected by any unusual transaction in the year and how they are disclosed 4. The clarity of disclosures 5. Significant adjustments resulting from the audit 6. The going concern assumption 7. Compliance with accounting standards 8. Compliance with regulatory and other legal requirements. • To give feedback on the performance of the external auditor to Board and the Group Audit Committee.
Matters specifically delegated to the committee by the Board (for level of financial delegation see the Scheme of Delegated Authority):	<u>External Audit</u> • To review any reports by the external auditor together with management responses to them, and to review the progress of agreed actions arising from these reports. • To meet at least annually with the external auditor if thought appropriate. <u>Internal Audit</u> • Approve a rolling programme of internal audit reviews to cover key risks, including appropriate levels of compliance testing (including the Scottish Housing Regulator's Regulatory Requirements). • To review any reports by the internal auditor together with management responses to them, and to review the progress of agreed actions arising from these reports. • To give feedback on the performance of the internal audit function to the Group Audit Committee. • To meet at least annually with the internal auditor without the presence of staff of the external auditor if thought appropriate. <u>Risk Management</u> • To review at least annually the nature and extent of the risks facing the Association and the controls in place to reduce both the incidence and impact of those risks.

	Fraud Prevention • To periodically review, the Association's Financial Regulations and recommend to Board for approval. • To review the Association's Fraud Register at every Committee Meeting ensuring all actions are taken in accordance with the agreed Regulations for any instances of fraud of suspected fraud. Other Delegated Matters • To consider and take appropriate action on specific items as may be delegated from the Board.
How often meetings are held:	At least twice a year. Additional meetings may be held if required.
Chair of the committee (and who, if anyone, may not chair it):	The Chair of the Committee shall be appointed by the Board on an annual basis, for a maximum period of 5 years and shall be another other than the Chair of the Board. Co-optees are not able to chair Committees.
Composition of the Committee (and any restrictions on membership of it):	Board Members or Co-optees, who have the appropriate skills will be invited to join the Committee.
Number of members:	The Committee will have a minimum of 3 non-executive members, the majority of which shall always be Board Members.
How the committee is appointed:	By the Board
Quorum:	2
Additional points:	The minutes of meetings of the Audit and Risk Committee will be included in the papers for the subsequent meeting of the Irvine HA Board (subject to approval by the Chair of the Committee). The Chair of the Audit and Committee may access legal advice from the Association's legal advisers at the expense of the Association. Both internal and external auditors have direct access to the Chair of the Audit and Risk Committee as required.

Approved by IHA Board on 21 November 2019.