

Audit Committee

Remit & Delegated Authority

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1. General

- 1.1. This remit and delegated authority is designed to clarify the responsibilities of the Audit Committee, in line with any relevant directives or good practice guidance issued by the Scottish Housing Regulator, Scottish Government or other statutory authority.
- 1.2. The Audit Committee will comprise up to five members of the CVHA Board (all non-executive members). This number may include co-optees. One of the members of the Committee should have recent and relevant financial experience. The Rules of the Association state that the quorum for sub committees shall be 3. The Committee will abide by the Association's Standing Orders, Rules and Board approved policies.
- 1.3. The Audit Committee will have an annual Work Programme setting out the key work areas it intends to review during the year. The Plan will be reviewed at each meeting and will relate to the Parent and any subsidiary companies.
- 1.4. The Board of CVPS will be entitled to send an Observer to the Meetings of the Audit Committee. Such an Observer will not be counted in the numbers set out in 1.2. The Observer should be agreed by CVPS and Chair of Audit Committee for the 12 months ahead.
- 1.5. The Committee will meet quarterly and will be serviced by the Director of Finance and Corporate Services.
- 1.6. Following the Association's Annual General Meeting and subsequent election of Committee Members, the Audit Committee will elect a Chairperson to serve until the next Annual General Meeting. The Chair cannot be the Chairperson of the Association.
- 1.7. The main role and responsibilities of the Audit Committee will be set out in publicly available terms of reference.

2. Principal Duties of the Audit Committee

- 2.1. The Audit Committee will:
 - 2.1.1. Provide independent assurance of the adequacy of the risk management framework and the associated control environment for the Group
 - 2.1.2. Provide independent scrutiny of the Association's financial and non-financial performance, exposure to risk and overall control environment.
- 2.2. **Overview of Internal Control**
 - 2.2.1. To satisfy the governing body that there is a sufficient, systematic review of the control arrangements of the Group, both operational (relating to effectiveness, efficiency and economy) and of financial reporting controls.
 - 2.2.2. To ensure that weaknesses in control are being corrected and reported to the Boards accordingly.
 - 2.2.3. To consider the internal audit implications of the external auditor's Management Letter for the Association.

2.2.4. To ensure that the recommendations from the internal auditor are followed through.

2.2.5. To instruct special investigations into matters of particular concern relating to internal control.

2.2.6. To have oversight of GDPR and FOI compliance across the Group.

2.2.7. To have bi-annual review of IT Penetration Testing.

2.2.8. To have oversight of any ad-hoc audit or business improvement action plans as delegated by the Board.

2.2.9. To review and approve ad-hoc policies delegated from the Board.

2.3. Overview of Internal Audit

2.3.1. To ensure that the Group has appropriate internal arrangements in place and to approve the scope and/or limitation of such arrangements.

2.3.2. Recommending to the Board the appointment, reappointment or removal of the internal auditor. Approve remuneration of internal Auditors.

2.3.3. To review the planned programme of work of the internal Auditor and to ensure its appropriateness.

2.3.4. To meet independently with the internal auditor each year to review performance and service engagement and The internal auditor shall have the right of direct access to the Audit Committee Chair and the right to request a meeting of the Committee where necessary.

2.3.5. Ensuring that the plan is risk-based and aligned to the Association's strategic objectives and key risks.

2.3.6. Receiving and scrutinising internal audit reports, including assurance opinions, findings and recommendations.

2.3.7. Monitoring management's implementation of agreed recommendations.

2.3.8. Reviewing the Annual Internal Audit Report and overall assurance opinion.

2.4. Overview of External Audit

2.4.1. Recommend to the Board the appointment or reappointment of the external auditor, approve the annual audit fee, and make recommendations to the Board on the letter of representation and other relevant documents relating to the external audit.

2.4.2. Develop and implement the Group's policy on the engagement of the external auditor.

2.4.3. Prior to the commencement of the year end audit to consider the planning and timescales for the external audit.

2.4.4. On completion of the year end audit to review the external audit work; to review the Auditor's Management Letter and recommend the terms of any response and any necessary action including making recommendation to the Board in respect of the Statutory Accounts in advance of the AGM.

2.4.5. To meet independently with the external auditor each year to review performance and service engagement.

2.4.6. The external auditor shall have the right of access to the Audit Committee Chair and the right to request a meeting of the Committee if considered necessary.

2.5. Financial Management and Performance

2.5.1. To monitor group performance against budget through review and approval of at least quarterly management accounts including recommending to the Board any action or changes required.

2.6. Monitor covenant compliance

2.6.1. The Finance & Corporate Services Director will be delegated with authority to approve bills for payment in accordance with the Association's approved budget and Financial Regulations.

2.6.2. To approve and monitor projected Balance Sheet and cash flows.

2.6.3. To review the group Annual Accounts and recommend approval to the Board of Management.

2.6.4. Approve Association write offs for rent and rechargeable repairs in line with scheme of delegation

2.6.5. To approve Association financial returns, (5-year viability and loan portfolio) to the Scottish Housing Regulator in accordance with current guidance.

2.6.6. To approve the Annual Return on the Charter to be submitted to The Scottish Housing Regulator

2.6.7. Responsible for the regular review of the financial regulations and for advising the Board of any changes. Review should take place every 3 years

2.7. Internal Controls

2.7.1. The Committee must satisfy itself that there is a systematic and proportionate review of the Association's internal control framework including financial and risk controls.

2.7.2. Where significant weaknesses are identified, the Committee must ensure corrective action is agreed and implementation monitored

2.7.3. The Committee may commission special investigations into matters of particular concern relating to internal control.

2.8. Risk Management

2.8.1. Consider effectiveness of risk management arrangements and the control environment.

2.8.2. Seek assurances that action is being taken on risk related issues.

2.8.3. Review the Risk Management Policy

2.8.4. Review the Risk Register quarterly

2.8.5. Monitoring progress against key risks;

2.8.6. Reporting significant risk exposures to the Board.

3. Reporting to Board (CVHA & CVPS)

3.1. To provide regular reports on the activities of the Committee to the Board. A copy of the approved minute from each Audit Committee will, therefore, be forwarded to the next available Board for information.

3.2. To provide an annual report to Board on activity over the year which will input to the Annual Assurance Statement.

This remit is not a standalone Governance Document and consideration of Scheme of Delegation, Standing Orders and Financial Regulations, Remit of Boards, Independence Agreement, and all other relevant documents should be given.