



AUDIT AND RISK MANAGEMENT COMMITTEE REMIT

1. Role and Membership

- 1.1 Albyn Housing Society's Board has overall responsibility for the conduct and control of the Society's and the Albyn Group's business. In accordance with the Board's remit and the Society's Rules and Standing Orders, authority for overseeing the effective discharge of the Board's responsibilities in respect of audit and performance for the Society and the Albyn Group has been delegated to the Audit and Risk Management Committee.
- 1.2 This remit sets out those areas of responsibility that have been delegated to the Committee and identifies those areas where authority is reserved to the Board. In the event of any doubt about the extent of the Committee's authority, the matter should be referred to the Board.
- 1.3 The Audit and Risk Management Committee will appoint a Chair and Vice-Chair at the first meeting following the Society's AGM. The role of the Chair is described in the Chair's role description that forms part of the Society's Board Members' Handbook. The Chair of the Society may not be a member of the Committee and other office-bearers of the Board may not also be office bearers of the Committee. The Chair of the Audit and Risk Management Committee may not also be the Chair of another AHS committee.
- 1.4 The Audit and Risk Management Committee will meet at least three times per year. The Committee will have at least three and not more than five members. In appointing members to the Committee, the Board shall have regard to the results of the Society's annual skills audit to ensure that members have the necessary experience to fulfil their role: at least one member must have a financial background. The Committee may appoint one additional advisor who has specific knowledge and experience relevant to the work of the Committee: the advisor may not be appointed as an office bearer and will not have any voting rights. The quorum will be three, not including any co-optees or the advisor.
- 1.5 The minutes of committee meetings will be presented to the next Board meeting for noting. Any matter that is referred to the Board for approval or decision will be the subject of a separate paper that will be prepared and circulated with the Board papers.
- 1.6 The Committee will be advised and supported by the Chief Operating Officer and the Finance and Corporate Services Manager who will act as principal advisors and will liaise with the Chair over the preparation of the agenda, minutes and papers.

2. Key Responsibilities

- 2.1 The Chief Operating Officer and the Finance and Corporate Services Manager are responsible for providing advice to the committee, for ensuring that the Society's business activities are conducted to the agreed standards, managed within the approved budget and that all legal and regulatory requirements are met.
- 2.2 The Audit and Risk Management Committee is responsible for implementing and monitoring policy, reporting to and advising the Board on all aspects of the Society's financial management and business performance (including efficiency and effectiveness), monitoring the effectiveness of internal controls, overseeing the conduct of the annual audit and advising on the appointment of external and internal auditors. The Committee will immediately bring any matter of serious concern to the Board's attention.
- 2.3 The Committee will oversee and report to the Board on:
- ♦ the financial reporting process
 - ♦ the external audit
 - ♦ the accounting and internal control systems of the Society
 - ♦ the internal audit function including review of the Society's Policy and Procedures and internal management systems
- 2.4 The Committee may commission special investigations and may instruct or retain specialist independent advice (such as legal or accounting advice) in order to assist in the fulfilment of this remit. The Committee may engage directly with the external and internal auditors and may report directly to the Chair of the Society. The Committee has the right of access to all information and records necessary for the fulfilment of its function. It will make at least one report to the Board during the year on the effectiveness and adequacy of the Society's internal controls which will include a review of:
- ♦ the external auditor's management letter
 - ♦ the "internal" auditor's report, if applicable
 - ♦ the register of detected frauds as maintained by the Society
 - ♦ arrangements for promoting economy, efficiency and effectiveness within the Society
- 2.5 The Committee will meet at least once a year with the Society's auditor and may meet with the auditor (external and/or internal) at any time in the absence of staff.

3. External Audit and Financial Reporting

The Committee will:

- Review the annual financial statements in advance of their presentation to the Board and assist the Board in ensuring that the financial reports to external parties, in particular, the annual financial statements, are balanced, show a true and fair view and conform to accounting standards
- agree and monitor the planned programme of audit and review the quality and standard of service provided by the Society's auditor
- consider the auditor's management letter, agree the terms of the response and monitor the implementation of any action recommended;
- confirm to the Board that there are no outstanding matters of disagreement between the Society's management and the external auditors
- advise the Board on the appointment (or re-appointment) of the auditor and make recommendations on the terms of the engagement

4. Internal Control and Internal Audit

The Committee will:

- Ensure appropriate internal audit arrangements and approve the scope of such arrangements, including ensuring that the internal auditors have free access to all information within the Society
- Commission internal audit services from a suitably qualified independent source and monitor the quality and delivery of all internal audit services
- Agree the annual programme of internal audit work and monitor its implementation
- Receive internal audit reports and consider management responses to recommendations to ensure that they are appropriate, timely and effectively implemented
- Report to the Board all action taken to address weaknesses and/or improve performance

5. Risk

The Committee will:

- Oversee the Society's risk management process and make recommendations to the Board on the risk management strategy
- Monitor identified risks by receiving and reviewing risk reports and reporting to the Board

- Identify and assess new/emerging risks reports and report significant changes/additions to the Board
- Report annually to the Board on action taken to manage/reduce key risks
- Ensure appropriate business continuity plans are in place and kept under review
- Receive reports on any matters raised under the terms of the Society's Whistleblowing Policy and notify the Board
- Review Albyn's Fraud Register at least annually; receive reports and review any cases of attempted or actual fraud and make a report to the Board
- Review at least annually the Payments & Benefits, Declarations of Interest, Gifts and Hospitality, Complaints and Notifiable Events registers

6. Review

- 6.1 This remit was reviewed by the Committee on 7 June 2016 and approved by the Board on 28 June 2016. It cannot be amended without the Board's agreement. It will be reviewed not later than December 2019.