

# Joint Audit Committee Constitution & Remit Policy

Customer  
Focus

Respect

Communication

Integrity



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**OAK TREE HOUSING ASSOCIATION  
AND  
CLOCH HOUSING ASSOCIATION LTD**

**JOINT AUDIT COMMITTEE  
CONSTITUTION & REMIT**

1. **Constitution**

- a) The Joint Audit Committee will be formally constituted as a joint standing Committee of Oak Tree Housing Association Ltd (OTHA) (“the parent”) and Cloch Housing Association Ltd (CHA) (“the subsidiary”).
- b) The Joint Audit Committee will have sufficient authority and resources and to consult widely, both internally and externally as required. The Joint Audit Committee is authorised to seek relevant and appropriate information to support its activities and to obtain necessary external professional advice within these Terms of Reference, in line with budget provision.
- c) The Joint Audit Committee will act in an advisory capacity to the Governing Bodies but will also be able to take decisions as defined within its delegated authority.

2. **Composition**

- a) The Joint Audit Committee will comprise of 8 members. Four members from each association’s Governing Body. The Governing Body must be satisfied that at least one member of the Joint Audit Committee has, recent and relevant financial and/or internal/external audit experience.
- b) The Chairperson shall be appointed by the Committee at its first meeting following the AGM’s. The Chairperson shall not be the Chairperson of either Association. The Joint Audit Committee has the right to report directly to the Chairperson of either Association.
- c) If the Chairperson is absent from a meeting of the Joint Audit Committee, the other members will select one of their number to chair the meeting, who shall be entitled to use the casting vote.
- d) The Joint Audit Committee is subject to the Rules of the Associations, to the overall authority of the Governing Bodies, to the Standing Orders and to all the Policies approved by the Governing Bodies.
- e) The Joint Audit Committee shall be serviced by the, Chief and Depute Chief Executive Officers, Finance Director, Director Cloch and all Governing Body members shall receive a copy of the minutes of the Joint Audit Committee meetings.
- f) The Chief and Depute Chief Executive Officers, Finance Director, Director Cloch and Internal Auditor shall be in attendance at Joint Audit Committee meetings when required. Other staff members will also attend as deemed necessary.
- g) Other members of the Governing Bodies shall have the right to “attend” the Joint Audit Committee meetings where appropriate notice is provided in advance to the Chairperson of the Joint Audit Committee.
- h) The Joint Audit Committee may co-opt independent members to support the Joint Audit Committee as deemed necessary.

### 3. **Remit**

The Joint Audit Committee exists to advise the Governing Bodies on external and internal audit, risk management and to make decisions on matters delegated to it by the Governing Bodies. The Joint Audit Committee will be responsible for the tasks detailed in Appendix 1 (see attached)

### 4. **Reporting**

The Joint Audit Committee must produce minutes and report(s) for the Governing Bodies incorporating:

- Comment on the adequacy and effectiveness of the arrangements for identifying and managing risk
- Comment on the adequacy and effectiveness of internal control systems
- A review of the external auditors management letters
- Arrangements for promoting economy, efficiency and effectiveness within both Associations
- A review of the register of detected frauds
- Comment on the adequacy and effectiveness of whistleblowing arrangements
- The internal auditors report(s)

### 5. **Meetings**

The Joint Audit Committee shall meet on at least three occasions each year to discuss or agree the following matters:

- The annual internal audit programme/internal auditors appointment
  - Results of internal audit checks carried out
  - External audit matters including appointment of auditors
  - To consider other relevant matters including annual assessments of potential risks to both Associations.
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## Appendix 1

### PRINCIPAL DUTIES OF AN AUDIT COMMITTEE

#### **A. Overview of financial reporting:**

1. To assist the Governing Bodies in ensuring that financial reports to external parties, in particular, the annual financial statements, are balanced, fair and conform to accounting standards;
2. To confirm to the Governing Bodies that there are no outstanding matters of disagreement between management and the external auditor;
3. To learn from the external auditor of his or her principal matters of concern.

#### **B. Overview of risk management:**

1. To ensure there are adequate and effective arrangements in place to identify and manage risks faced by both Associations;
2. To periodically review both Associations' risk profiles.

#### **C. Overview of external audit:**

1. To consider whether or not the two Associations are getting good value for money from the external auditor;
2. To review the external audit work on behalf of both Associations.
3. To have primary responsibility for recommending to both Associations the appointment, re-appointment or otherwise of the external auditor;
4. To recommend to both Associations the fee to be paid to the external auditor;
5. The external auditor has the right of access to the Joint Audit Committee Chairperson and also the right to request a meeting of the Joint Audit Committee be convened, if in their opinion it is necessary.

#### **D. Overview of internal control:**

1. To satisfy the Governing Bodies that there is a sufficient, systematic review of the internal control arrangements of both Associations, both operational (relating to effectiveness, efficiency and economy) and of financial reporting controls;
2. To ensure that weaknesses in control are being corrected and reported to the Governing Bodies accordingly;
3. To consider external auditor's management letters;

4. To commission special investigations into matters of particular concern relating to internal control;
5. To learn from the internal audit function of any major audit findings determine any action required, maintain its implementation and report to the Governing Bodies thereon.

**E. Overview of internal audit:**

1. To ensure that both Associations have appropriate internal audit arrangements in place and to approve the scope and/or limitations of such arrangements;
2. Review and monitor the effectiveness of the Association's internal audit function and make recommendations to the Governing Bodies regarding the appointment, reappointment and removal of the internal auditor.
3. Input, review and approve the planned programme of work of the internal audit function to ensure its appropriateness.
4. Receive and consider reports, setting out the internal auditor's findings and recommendations for those parts of the system of internal control reviewed (audit topics).
5. The Joint Audit Committee should meet with the internal auditor, at least once a year, without officers being present, to ensure there are no unresolved issues of concern.
6. The Internal Auditor has the right of access to the Joint Audit Committee Chairperson and also the right to request a meeting of the Audit Committee be convened, if in their opinion it is necessary.

**F. Overview of compliance with legal obligations and requirements of the Scottish Housing Regulator**

1. To ensure compliance with legal obligations and the requirements of the Scottish Housing Regulator.

**G. Overview of whistleblowing arrangements**

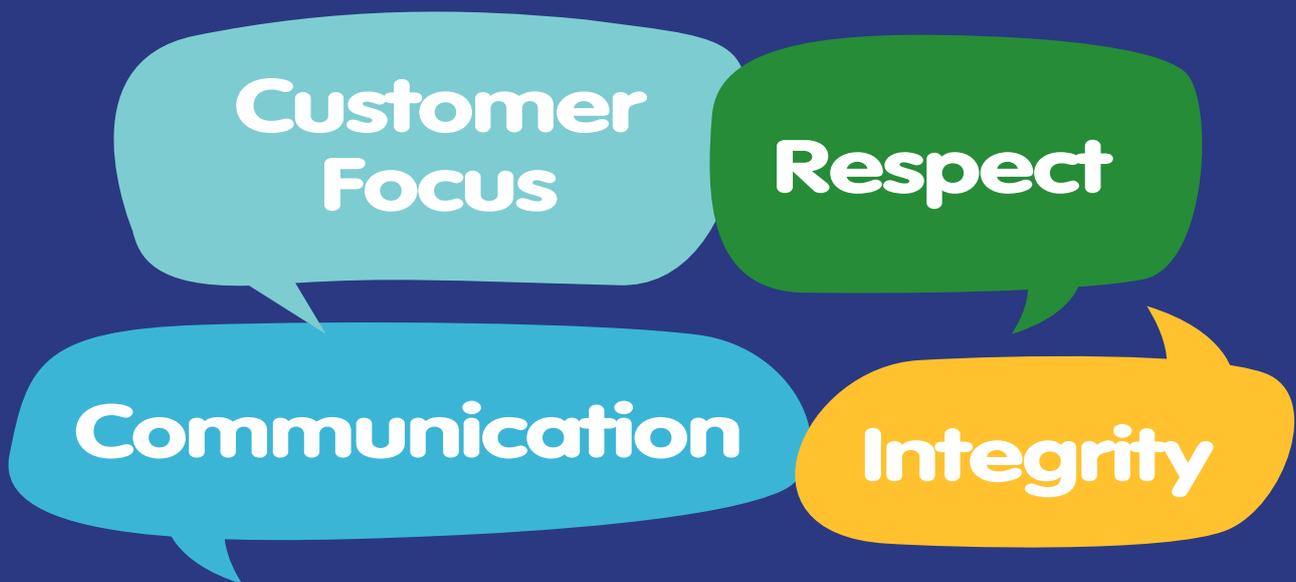
1. To monitor and review the effectiveness of both Associations Whistleblowing Policy, and the processes whereby staff of the organisations and others may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure they accord with best practice.

## **H. Independent Advisors**

1. To obtain outside legal or other independent professional advice and to secure the attendance of external support with relevant expertise and experience if considered necessary, in accordance with both Associations Procurement Policies.

## **I. Joint Working**

1. To consider options and projects of joint working and make recommendations to the Governing Bodies of both Association's.



CLOCH HOUSING ASSOCIATION LTD	
<b>Policy Name</b>	Joint Audit Committee Constitution & Remit
<b>Policy Category</b>	C-HR
<b>Policy Number</b>	079
<b>Date Adopted</b>	01/09/2012
<b>This Review</b>	25/09/2019
<b>Next Review</b>	September 2020
<b>Equalities Impact Assessment Required</b>	
<b>Link to other policies</b>	
<b>Consultation</b>	
<b>Need for Procedure</b>	