

## Group Audit Committee Terms of Reference

Number of committee members	Up to four members.
Membership	The Audit Committee will comprise of [4] non-executive directors or independent members with a minimum of [2] non-executive directors and a minimum of [1] independent member plus up to [2] co-optees
Quorum	Three (including one Aster Overlap Boards' director)
Frequency of meetings	At least quarterly, two of these being with the Risk and Compliance Committee
Reporting	Minutes of the Committee will be submitted to the next Aster Overlap Boards and an annual report will be presented on the Committee's work during the year.
Appointment of committees	Members are appointed by the Aster Group Ltd Board to serve for three years.
Chair	The chair is appointed by the Aster Group Ltd Board and serves for a fixed term of one year. The chair shall not be the chair of the Group. The chair will maintain dialogue with Group chair, Group chief executive officer, finance director, internal and external lead auditors
Accountability	The Committee is established as a sub-committee of the Aster Overlap Boards and all Group members. The functions set out in these Terms of Reference are also delegated to the Committee by the group members.

### 1 PURPOSE

- 1.1 The overall role and purpose of the Aster Group Audit Committee is to ensure that Aster has an effective system of internal controls and appropriate internal and external audit arrangements.
- 1.2 It must also give assurance to the Overlap Boards that the social housing assets and liabilities have been separately identified, and a register in accordance with HCA requirements is maintained.
- 1.3 These Terms of Reference shall be approved by the Aster Group Ltd Board
- 1.4 Minutes of the Committee will be submitted to the next available Overlap Boards meeting and to other boards as appropriate

## 2 **MAIN RESPONSIBILITIES**

- 2.1 The Committee has delegated authority to exercise the powers of the Aster Overlap Boards and subsidiary boards in relation to the following matters;

## 3 **EXTERNAL AUDIT**

- 3.1 Make recommendations to the Aster Group Ltd Board in relation to the appointment of the external auditors (and removal if necessary) and to agree the Terms of Engagement of the auditors
- 3.2 Agree external audit programme, coordination with internal audit, *and manage any conflicts between the two programmes.*
- 3.3 Consideration of external audit reports on financial statements, management letters, letters of representation, auditor independence and any other reports.
- 3.4 Recommendation of financial statements to the Overlap Boards.
- 3.5 To develop and implement policies on the engagement of the external auditor to supply non-audit services, taking account of relevant ethical guidance.

## 4 **INTERNAL CONTROLS**

- 4.1 Review the company's internal financial controls and risk management system.
- 4.2 Receive the annual report on the Group's internal controls from the chief executive and recommend to the boards of all group companies.
- 4.3 Review of financial regulations and make recommendations to the Aster Group Ltd Board.
- 4.4 Receive reports of fraud and whistleblowing reviewing the control framework to ensure controls are appropriate
- 4.5 Validate the sufficiency, accuracy, timeliness and accessibility of asset and liability registers.
- 4.6 Commission internal audit and specialist advice to provide assurance on matters concerning the assets and liabilities register where appropriate, including from valuers and treasury advisors.

## 5 **INTERNAL AUDIT**

- 5.1 Monitor and review the effectiveness of the company's internal audit function and structure, including utilisation and cost of external resourcing
- 5.2 Review and approve internal audit programme and scope of

activities.

- 5.3 Receive reports of internal audit findings, consider and make recommendations to the appropriate board or committees.

## 6 **OTHER**

- 6.1 Gain assurance on the robustness and accuracy of the assets and liabilities register.
- 6.2 Meet with the external and internal auditors independently with no staff present. This must be at least once per year.
- 6.3 Review the effectiveness of the Committee annually
- 6.4 Ensure compliance with the Financial Reporting Council's guidance on audit committees

## 7 **POLICIES AND REGISTERS**

- 7.1 The following policies and registers will be reviewed and approved by the Audit Committee:
  - i Audit policy
  - ii Group accounting policies (with significant changes to policy or practice being recommended to the Aster Group Ltd Board)
  - iii Anti-fraud management policy
  - iv Anti-money laundering policy
  - v Probity policy
  - vi Whistleblowing policy
  - vii Schedule of authorised signatories
  - viii Assets and liabilities register
  - ix Fraud register