

Performance and Audit Committee Remit

1. Role and Composition

1.1 Bield's Board has overall responsibility for the conduct and control of Bield's business. In accordance with the Board's remit and Bield's Rules and Standing Orders, authority for overseeing the effective discharge of the Board's responsibilities in respect of audit and performance has been delegated to the Performance & Audit 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 Performance & Audit Committee will appoint a Chair and where it considers it appropriate, a Vice-Chair at the first meeting following Bield's AGM. The role of the Chair is described in the Chair's role description that forms part of Bield's Governance Handbook. Neither the Chair nor Vice-Chair of the Committee may be the Chair of Bield or Chair of another Bield Committee.

1.4 The Performance & Audit Committee will meet at least four times per year. The Committee will have at least six and not more than eight members excluding co-optees. In appointing members to the Performance & Audit Committee, the Board shall have regard to the results of the 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 co-opt two additional members who have specific knowledge and experience that are relevant to the work of the committee. The quorum will be four, not including any co-optees.

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 Executive who will act as principal advisor and will liaise with the Chair over the preparation of the agenda, minutes and papers.

1.7 The Chief Executive is responsible for providing advice to the Committee, for ensuring that Bield's business activities are conducted to the agreed standards, managed within the approved budget and that all legal and regulatory requirements are met.

2. Purpose

2.1 The Performance & Audit Committee is responsible for implementing and monitoring policy, reporting to and advising the Board on all aspects of the Association'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 Performance & Audit Committee is responsible for reporting to and advising the Board on all aspects of Bield's business performance against agreed targets, for promoting and driving continuous improvement and for promoting efficiency and effectiveness. The Committee will advise the Board on appropriate benchmarking comparisons to aid performance review. The Committee will immediately bring any matter of serious concern to the Board's attention.

2.4 The Committee will oversee and report to the Board on:

- ◆ the financial reporting process
- ◆ the external audit
- ◆ the accounting and internal control systems
- ◆ the internal audit function including review of Bield's Policy and Procedures and internal management systems
- ◆ identification of Key Performance Indicators (KPIs)
- ◆ performance against KPIs
- ◆ Bield's performance in comparison to the Scottish Housing Regulator peer group indicators
- ◆ Bield's performance in comparison to other agreed benchmarking information
- ◆ the application of Bield's Complaints Procedure, the handling of complaints, the outcomes of complaints and action initiated as a result
- ◆ the outcomes and analysis following from Customer Satisfaction Surveys

2.5 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 Board. 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 internal controls which will include a review of:

- ◆ the external auditor's management letter
- ◆ the internal auditor's annual report, if applicable
- ◆ the register of detected frauds as maintained by the Secretary of the Association
- ◆ arrangements for promoting economy, efficiency and effectiveness within Bield

2.6 The Committee will meet at least once a year with Bield'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 Bield'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 Association's management and the external auditors
- Periodically tender the external audit service, minimally once every seven years
- Recommend to the Board 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 organisation
- 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
- Monitor all action taken to address weaknesses and/or improve performance

5. Risk

The Committee will:

- Oversee the risk management process and make recommendations to the Board on the risk management strategy
- Monitor identified risks by reviewing risk reports and reporting to the Board
- Identify and assess new/emerging risks 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 Bield's Whistleblowing Policy and notify the Board
- Oversee the application of the Bield's complaints procedure, consider reports on the handling of complaints and be responsible for the conduct of the final stage of the complaints process
- Review Bield's Fraud Register at least annually; receive reports and review any cases of attempted or actual fraud and make a report to the Board where it is considered a notifiable event to the Scottish Housing Regulator
- Review at least annually the Schedule 7, Declarations of Interest, Gifts and Hospitality and Complaints registers

6. Performance & Best Value

- 6.1 The Committee will consider regular performance reports on all aspects of Bield's business. Reports will provide information on current performance against targets, compare current and past performance and project out-turn results. Reports will also contain appropriate benchmarking information to enable Bield's performance to be measured against appropriate comparators. The Committee will be responsible for monitoring performance in respect of equalities and disability discrimination and reporting annually to the Board.
- 6.2 The Committee will agree and keep under review the frequency for reports to be prepared and the format and style of their presentation.
- 6.3 The Committee will identify and make recommendations to the Board on appropriate benchmarking systems for the purpose of comparing Bield's performance against that of similar housing providers.

- 6.4 The Committee will be responsible for ensuring that customers are consulted on their performance information requirements and that their views inform the presentation of performance information. The committee will oversee the communication of performance information to customers on an annual basis.
- 6.5 The Committee will develop a programme of best value and continuous improvement reviews and will receive reports with recommendations for action. The Committee will monitor progress on the implementation of such recommendations.

7. Review

This remit was approved by the Board on 11 December 2014 and cannot be amended without its agreement. It will be reviewed five yearly, or sooner if required, with the next scheduled review date being July 2019.