

# **Trust Housing Association**

## **Audit and Performance Committee Remit**

### **1. Establishment and Composition of the Committee**

- 1.1 The Audit and Performance Committee has been established by the Board to advise it on Trust's performance in the delivery of its services and conduct of its activities and to monitor performance against key indicators.
- 1.2 Members of the Audit and Performance Committee will be appointed annually from the membership of the Board. The Committee will meet at least four times per year, in accordance with the provision of Trust's standing orders. If requested by Trust's external or internal auditors, a meeting of the Committee will be arranged, if necessary without the presence of staff, for all or part of the meeting.

### **2. Delegated Authority**

- 2.1 The Board has delegated authority to the Audit and Performance Committee to take decisions and approve action in the following areas:
  - External audit
  - Internal audit
  - Preparation of annual accounts
  - Scrutiny of financial and non-financial controls
  - Internal management and control systems
  - Application of risk management strategy and associated monitoring
  - Annually review and report on all Trust policies and procedures
  - Trust's service delivery performance and monitoring

### **3. Delivering Strategic Objectives**

- 3.1 The Committee will support the delivery of Trust's strategic objectives by developing, implementing and reviewing Trust's internal audit strategy; implementing and reviewing Trust's risk management strategy and reviewing and implementing the recommendations of Trust's external and internal auditors. The Committee will recommend the appointment of the external auditor to the Board for recommendation to the AGM.

### **4. Annual Audit Review**

- 4.1 Each year The Audit and Performance Committee will report to the Trust Board on the range, appropriateness and effectiveness of the financial and operational systems in place and in particular will comment on all of the factors detailed at paragraph 2.1 above.

### **5. External Audit**

The Committee will:

- 5.1 Review the terms of the appointment of the external auditor.

- 5.2 Agree and oversee the process for the selection and appointment of the external auditor.
- 5.3 Make recommendations to the Board on the appointment or re-appointment of the external auditor.
- 5.4 Monitor the quality of the service provided by the external auditor.
- 5.5 Agree the scope of the external audit in advance, in consultation with the external auditor and senior staff.
- 5.6 Review the external auditor's management letter, the management response and agree and oversee the implementation of any required changes in practice.
- 5.7 Receive the annual report from the external auditor, consider its implications, report and make recommendations to the Board.
- 5.8 Agree any remedial action identified as being necessary in the course of the external audit and report to the Board, in accordance with Trust's standing orders.
- 5.9 As part of a scheduled meeting of the Committee and independently of staff meet with the external auditor at least once per year to discuss any issues arising from the audit process or findings.
- 5.10 Advise the Board on actions necessary to ensure compliance with all regulatory and statutory requirements in relation to external audit.

## **6. Internal Audit**

The Committee will:

- 6.1 Monitor and keep under review Trust's internal audit arrangements and ensure that they are appropriate to Trust's requirements.
- 6.2 Agree and oversee the implementation of the process for the selection and appointment of the internal audit service.
- 6.3 Make recommendations to the Board on the appointment or reappointment of the internal audit service.
- 6.4 Agree annually a risk based audit plan for the year ahead.
- 6.5 Monitor the quality of the service provided by the internal audit service.
- 6.6 Receive and consider reports from the internal auditor.
- 6.7 Agree and oversee the implementation of appropriate strategies and/or plans to address the recommendations made by the internal auditor.
- 6.8 Agree the Trust's response and any remedial action identified as being necessary in the course of the internal audit and report to the Board, in accordance with Trust's standing orders.

- 6.8 As part of a scheduled meeting of the Committee and independently of staff, meet with the internal auditor at least once per year, to confirm that all issues identified have been satisfactorily addressed.
- 6.9 Advise the Board on actions necessary to ensure compliance with all regulatory and statutory requirements and relevant good practice in relation to internal audit.

## **7. Preparation of Annual Accounts**

- 7.1 The Committee will ensure that the annual accounts are prepared and audited for the Annual General Meeting.
- 7.2 The Committee will approve the draft accounts and recommend their adoption to the Board.
- 7.3 The Committee will consider, approve and oversee the implementation of any necessary changes to Trust's accounting policies and practices, at least on an annual basis.

## **8. Internal Management and Control Systems**

- 8.1 The Committee will agree, monitor and keep under review the internal management and control systems in respect of internal financial control, financial reporting and financial performance management.
- 8.2 Additionally the Committee will agree, monitor and keep under review the broader internal management and control systems in operation throughout the organisation.

## **9. Internal Control Systems**

The Committee will:

- 9.1 Report to the Board annually in relation to the required Statement of Internal Financial Controls that has to be included in the published accounts in order to confirm that the content of the statement is correct and that the Board are in a position to sign this off.
- 9.2 Report to the Board at least once a year on the nature and appropriateness of all of Trust's internal management control arrangements.
- 9.3 Oversee the implementation of regular reviews of the effectiveness and scope of the systems of internal controls operated by Trust and make recommendations to the Board.
- 9.4 Take action to address identified weaknesses in internal control arrangements and monitor their implementation.
- 9.5 Report any issues of significant concern to the Board.

## **10. Risk Management**

The Committee will:

- 10.1 Be responsible for the implementation of Trust's risk management strategy and liaise with the Board and Trust's internal auditors on its implementation.
- 10.2 Be responsible for ensuring that identified risks are managed appropriately and effectively.
- 10.3 Report to the Board at least annually on progress/performance against expectations in relation to the risk management strategy.
- 10.4 Regularly monitor risk management arrangements and controls.

## **11. Performance Management and Monitoring**

The Committee will:

- 11.1 Be responsible for monitoring Trust's performance against key performance indicators.
- 11.2 Report to the Board on any significant deviation from targets.

## **12. Equality, Diversity and Inclusion**

12.1 The Committee will monitor Trust's performance against the agreed objectives and outputs in Trust's Equality Diversity and Inclusion policy in respect of:

- Internal and external financial controls
- Internal and external management controls systems
- Selection and appointment of internal and external auditors
- Management of risk

## **13. Sustainability**

13.1 Trust is committed to adopting practices which promote sustainability. All activities for which the Committee has responsibility will seek to ensure that the inter-dependence of economic, social and environmental well-being are recognised and addressed.

## **14. Co-ordination**

- 14.1 The Committee will report on its activities to the Board through the presentation of minutes to the Board meeting following meetings of the Committee.
- 14.2 The Convenor will identify any matters requiring the Board's attention and will invite the Board to note the minutes.

- 14.3 The Committee will seek information from the Board about the performance of Trust to inform its review of internal management systems and controls and the management of the budget to inform its review of the external audit.
- 14.4 The Committee will seek information from the Board about the development of the Risk Management Strategy.
- 14.5 The Committee will provide information to the Board to ensure that the findings and recommendations of internal and external audits are effectively implemented throughout Trust.

## **15. Monitoring and Review**

- 15.1 This remit is to be approved by the Board on 2 February 2017. It will be reviewed not later than 2020.