

BHA Risk and Assurance Committee Remit

1. General

- 1.1 This remit and delegated authority is designed to clarify the responsibilities of the Risk and Assurance Committee ("The Committee") Remit, in line with any relevant directives or good practice guidance issued by the Scottish Housing Regulator (SHR), Scottish Government or other statutory authority.
- 1.2 The Chair will be appointed by the Board of Trustees for an initial term of 3 years, reviewed annually. In the absence of the Chair, Members present shall elect one of themselves to chair the meeting.
- 1.3 The Committee will comprise up to 5 Members of the Board (this number may include co-optees), elected at the Annual General Meeting. Committee Members will serve for terms of 3 years, reviewed annually.
- 1.4 The Committee must include at least one Member who has recent and relevant financial experience.
- 1.5 An independent Member may be appointed who can provide specialist skills and knowledge following an open and transparent recruitment process and approved by the Board.
- 1.6 The minimum number of members required for a meeting to be quorate will be 3 members. The Committee will operate within the Association's Standing Orders and Rules.
- 1.7 The Committee will normally meet on a quarterly basis and will be serviced by the Company Secretary (Executive Director Business Support) or their delegated replacements where appropriate.
- 1.8 There shall be no less than 3 Committee meetings per year.
- 1.9 The Committee may seek legal or other professional advice which it considers relevant to its responsibilities through the Company Secretary.
- 1.10 Only Committee Members have the right to attend meetings, however, the Executive Director Business Support, internal audit and external audit will be invited to attend meetings on a regular basis. The Chief Executive and any other Executive and Leadership Team members may also attend as appropriate. Other individuals may be invited to attend all or part of any meeting as and when appropriate.

- 1.11 The Committee shall meet privately with Internal Audit and External Audit at least once per year. The Committee shall also meet in private without the attendance of any non-Members or colleagues at least once per year.

2 Remit

The Risk and Audit Committee shall provide assurance to Group Board on the effectiveness of the risk and internal control frameworks and mitigations in place and shall exercise independent scrutiny, challenge, oversight and approve the remit of the Group's Internal and External Audit functions and Risk Management function:

- Ensure the performance of these functions;
- Ensure the Independence of the Internal and External Auditor, and that the internal audit function is free from management and other restrictions;
- Monitor the integrity of the financial statements;
- Provide assurance to the Board on the effectiveness of the BHA internal control and risk management frameworks;
- Provide assurance to the Board on the effectiveness controls in relation to health and safety and landlord obligations (gas, electric, legionella, asbestos, fire safety, lifts);

2.1 Internal Audit

- Oversee the selection process and make a recommendation to the Board of Trustees on the appointment of internal auditors following a full and transparent procurement process;
- Monitor the performance of the Internal Audit function and recommend to the Board of Trustees the removal of the internal audit provider where performance is not satisfactory;
- Obtain assurance on the effectiveness of the internal control framework;
- Approve the audit plan, any in-year changes and monitor the delivery of the plan and receive the annual audit report;
- Ensure that the Audit Plan is delivered effectively and approve any changes to the Plan during the year on the recommendation of the Executive Director Business Support;
- Ensure that internal audit policies, procedures and methodologies are appropriate;
- Review the results of internal audit work and the sufficiency of management responses to the issues raised;
- Review and monitor the implementation of audit recommendations;
- Receive and review the Annual Internal Audit Report and make recommendations to the Board of Trustees where appropriate;

- Ensure that the internal auditor has direct access to the Chair of the Board of Trustees and the Chair of Risk and Assurance Committee.

2.2 External Audit

- Oversee the selection process and make recommendations to the Board on the appointment, re-appointment, and removal of the External Auditor;
- Approve the terms of engagement, scope and remuneration (audit and non-audit fee);
- Approve the audit plan and ensure co-ordination with the internal audit plan;
- Review the effectiveness of the audit including findings in the Audit Management Letter, considering:
 - Major issues and levels of error arising
 - Management response to the findings and recommendations
 - Provision on non-audit services
 - Accounting and audit judgements
- Annually assess the performance, independence, objectivity, qualifications and experience including the provision of any non-audit services;
- Lead an investigation if the External Auditor resigns

2.3 Risk Management and Internal Control

- Make recommendations to the Board on the organisation's risk management strategy and policy / framework, risk appetite, risk assessment methodology
- Review the risk profile and obtain assurance on the effective management of strategic and operational risks, adequacy of internal controls and compliance with the agreed process and methodology
- Obtain assurance on the adequacy of controls in relation to health and safety and landlord legal obligations
- Review any material breaches of risk appetite and the adequacy of proposed action
- Review and approve the statements to be included in the annual report concerning internal control, risk management including the assessment of principal risks and emerging risks
- Oversee the implementation of risk actions
- Review the statement to be included in the annual report concerning internal control, risk management and make a recommendation to the Board

- Receive a report on significant risk incidents, root cause analysis and recommended improvements to the control environment e.g. data breach, cyber-attack, reportable health and safety incidents

2.4 Finance

Monitor the integrity of the financial statements, including subsidiaries and joint ventures:

- Review the consistency of and any significant changes to and compliance with accounting policy, practices or standards, taking account the views of the external auditor
- Review the methods used to account for significant or unusual transactions where different approaches are possible
- Review all material information presented within the financial statements, including the Director's strategic report, statement of internal control and assurance statement
- The clarity and completeness of disclosures in the financial statements and the context in which statements are made
- Report any issues/concerns to the Board

Review the first draft five year financial plan and recommend annual rent increase to the Board.

2.5 Fraud, Whistleblowing and Compliance

Review and recommend the approval of the:

- BHA's policy and procedures for the prevention and detection of fraud, bribery and receive reports on non-compliance (Fraud Register)
- Whistleblowing policy and procedures and regularly receive reports on Whistleblowing incidents
- Oversee any other reports in relation to allegations and investigations undertaken and ensure that appropriate action is taken and followed up and whether existing controls are satisfactory

Oversee regulatory compliance, ethics and recommend the Scottish Housing Regulator's annual self-assurance statement to the Board for approval.

2.6 Business Continuity

Obtain assurance that there are effective business continuity and disaster recovery arrangements in place that are up to date and regularly tested.