



## **Shropshire Towns and Rural Housing Ltd Finance, Audit and Risk Subcommittee**

### **Terms of Reference**

Considered by FAR on 20<sup>th</sup> June 2013 and approved at the STAR Board Meeting on 18<sup>th</sup> July 2013.

Reviewed at STAR Board Meeting on 18<sup>th</sup> February 2016.

Reviewed at STAR Board Meeting on 23<sup>rd</sup> February 2017.

Reviewed at STAR Board Meeting on 3<sup>rd</sup> July 2018.

Amended at STAR Board Meeting on 17<sup>th</sup> September 2019.

Amended at STAR Board Meeting on 27<sup>th</sup> September 2022.

Amended at STAR Board Meeting on 16<sup>th</sup> September 2024.

### **DEFINITIONS**

**Board** means the Board and directors of Shropshire Towns and Rural Housing Ltd.

**Board Members** means all the non-executive Directors of the Board registered at Companies House

**Chair** means the designated non-executive Director of the Board of Shropshire Towns and Rural Housing Ltd.

**Company** means Shropshire Towns and Rural Housing Ltd.

**Subcommittee** means the Finance, Audit and Risk subcommittee of Shropshire Towns and Rural Housing Ltd.

**Directors** means **Manging Director, Corporate Director and Operations Director**, designated employee of Shropshire Towns and Rural Housing.

**Vice-Chair** means the designated non-executive Director of the Board of Shropshire Towns and Rural Housing Ltd

### **PURPOSE**

The Committee is responsible for keeping the Board informed about the financial reporting process, internal audit, external audit, accounting and internal control and risk management.

### **MEMBERSHIP & MEETINGS**

The Finance, Audit and Risk Subcommittee will comprise of a minimum of 2 members of the Board plus optional co-opted members as appropriate.

Members will be appointed by the Board each year normally at the Annual General Meeting although the Board can appoint members at any time if vacancies arise.

For the purpose of Committee meetings, a quorum will require 2 Board Members to be in attendance.

Subcommittee meetings can take place in any manner and through any medium which permits those attending to hear and comment on the proceedings. Any person who attends in this manner will be deemed to be present in person at the meeting whether or not all are assembled in one place.

The Subcommittee will appoint a Chair and vice Chair for each year at the first meeting following the AGM. These appointments will serve for 1 year and members are eligible to hold these positions in successive years.

The subcommittee will meet at least 3 times during an annual cycle but may hold additional meetings at the request of the Board or where the Committee considers it necessary.

The Managing Director, Corporate Director , Head of Finance (or their nominated representative) will normally attend subcommittee meetings although the Committee may hold meetings without the attendance of any employee of the Company should it so choose. Other attendees could also include:

- Internal auditor
- External auditor
- Note taker
- Other employees of the Company on invitation
- External advisors where appropriate

## **SUMMARY OF MAIN RESPONSIBILITIES**

The Subcommittee is responsible for keeping the Board informed about the financial reporting process, internal audit, external audit, accounting and internal control and risk management.

The Subcommittee is responsible for the approval of the organisational wide audit annual plans and inspection programmes.

The Subcommittee is responsible for the approval of all related Finance, Audit and Risk policies, procedures and projects.

## **SPECIFIC AREAS OF RESPONSIBILITY**

### 1. Internal Audit

1.1 To agree the annual internal audit plan.

1.2 To review and seek assurance on the effectiveness of the systems of internal control.

1.3 Receive and consider internal audit reports together with the response from Service Managers.

1.4 To monitor the implementation of recommendations made in internal audit reports.

## 2. External Auditor

2.1 To agree the annual external audit plan.

2.2 Recommend to the Board arrangements for the appointment of the external auditor.

2.3 Promote effective liaison between the internal and external auditors.

2.4 To monitor the implementation of recommendations made in external audit reports.

## 3. Statutory Accounts

3.1 To consider draft pre-audited accounts.

3.2 To review and approve statements to be included in the Company's annual report and accounts concerning internal controls and risk management.

3.3 To consider and approve the final audited annual accounts and report of the external auditor.

3.4 To recommend approval of audited accounts to the Board at the Annual General Meeting.

## 4. Risk Management

4.1 To receive and consider the Company's Risk Register at least twice during the annual cycle.

4.2 To seek assurance on the robustness of the Risk Management process in the Company.

4.3 Ensure the adequacy of arrangements for safeguarding assets of the Company.

## 5. Anti- Fraud and Corruption

5.1 To receive reports on any matters of whistle blowing or alleged or actual fraudulent activity that may have an impact on the Company.

## 6. Governance and Reporting

6.1 To receive reports on any financial irregularity within the Company.

6.2 To receive any financial reports delegated to the Committee by the Board.

6.3 To consider and approve the Annual Governance Statement.

6.4 The Chair will report to the Board on key issues and the activities of the Committee including any issues of concern arising from the Auditors or any other appropriate regularity body.

## 7. Rights of Access

7.1 The audit committee, internal auditor and external auditor have the right to hold meetings without the attendance of the Managing Director or Corporate Director or any other employee of the Company in order to ensure independence.

7.2 The Committee has right of access to all information within the Company with regard to any investigations. All employees of the Company are required to cooperate with any request made by the Committee.

## **Governance**

Ensure, at all times that this Subcommittee and its individual members operate within its Terms of Reference and the corporate governance procedures of the organisation and decisions are fair and reasonable and based on the information provided.

Bring to the attention of the Board any matters of concern with the Company's activity on Finance, Audit and Risk.

Promote and maintain good working relationships internally and externally.

Receive any relevant internal audit reports on the activities under the remit of the Subcommittee.

## **Administration and Communication**

Unless otherwise specifically determined the Subcommittee will meet in private. The Subcommittee shall be as open as possible about its work but operates in a commercial environment and must respect people's rights of privacy and protect the interests of the organisation. Certain items of the Subcommittee's business may be declared to be confidential and as such the item and any accompanying papers shall be so indicated and shall not be made available to anyone other than the members of the board / Subcommittee and appropriate staff members either before or after the meeting at which they are considered.

The following types of information should be treated as confidential:

- Items concerning specific individuals or their financial affairs – tenants, board members or employees.
- Items concerning the terms of negotiations relating to the acquisition of property or land or the supply of goods and services or the involvement of the association in new areas of work.
- Items concerning staff relations, consultations or negotiations with staff or residents.
- Items concerning legal proceedings.
- Items specifically marked "Confidential" or "Exempt".

The Managing Director shall ensure that the minutes of the Subcommittee meetings are circulated to all board members.

Ensure there are effective communication systems incorporating tenants/staff newsletters; department/site visits by Subcommittee, and that the Subcommittee communicates effectively with other Committees and the Board.