

Remit of the Bield Audit & Risk Committee

References to “Members” shall mean Members of the Board of Management (BoM) of Bield

References to “the Committee” shall mean the Audit and Risk Committee

References to “Chair” shall mean the chair of the Audit & Risk Committee

References to “Bield Chair” shall mean the chair of Bield Board of Management

Introduction

Bield’s BoM has overall responsibility for the conduct and control of Bield’s business. In accordance with the BoMs remit and Bield’s Rules and Standing Orders, authority for overseeing the effective discharge of the BoM’s responsibilities in respect of audit and risk has been delegated to the Audit & Risk Committee.

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 BoM. In the event of any doubt about the extent of the Committee’s authority, the matter should be referred to the BoM. The BoM may also consider delegation of other matters to the Committee, where the nature of the business aligns with the skills and expertise of the Committee members, but this would require specific instruction.

1. Membership

- 1.1** The Committee shall comprise of a Chair who will be appointed by the BoM at the first BoM meeting following Bield’s AGM. The role of the Chair is described in the Chair’s Role Description. The Chair may not be either Bield Chair or Chair another BoM committee.
- 1.2** The Committee will have not more than four members excluding any co-opted members. The Bield Chair shall not be a member of the Committee.
- 1.3** Appointments to the Committee shall be made by the BoM.
- 1.4** Any appointments made shall ensure that at least one member of the Committee has a financial background. The Committee may co-opt two additional members who have specific knowledge and experience relevant to the business of Bield and /or the work of the Committee.
- 1.5** Only members of the Committee have the right to attend Committee meetings. However, the Committee may at its discretion invite any other persons to attend all or part of its meeting as appropriate.
- 1.6** The Committee will be advised and supported by the Chief Executive, Director of Finance & Resources, Director of Business Development, Director of Customer Experience, other members of the Leadership team as appropriate, the internal audit lead partner and the external audit lead partner. The Director of Finance & Resources will ensure that the Committee and its activities are effectively serviced and will liaise with the Chair over the preparation of the agenda, minutes and papers. The Chief Executive is responsible 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.

- 1.7 Appointments as Chair and to the Committee shall be made annually at the first BoM meeting after the AGM.
- 1.8 In the absence of the Committee Chair, the remaining members present shall elect one of their number to chair the meeting.
- 1.9 The quorum necessary for the transaction of business shall be any three members not including any co-opted members.

2 Secretary

- 2.1 The Bield Governance and Administration Manager shall act as the Secretary of the Committee.

3. Notice of Meetings

- 3.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chair, the Committee members or at the request of the external or internal auditors if they consider it necessary.
- 3.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, all other Members and any other person required to attend, no fewer than 5 working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

4 Frequency of Meetings

- 4.1 The Committee shall meet at least four times in each financial year and at such other times as required.

5. Minutes of Meetings

- 5.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 5.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and Minute them accordingly.
- 5.3 Minutes of Committee meetings shall be distributed promptly to all members of the Committee and, once agreed, to all members of the BoM at the next following BoM meeting.

6. Annual General Meeting

- 6.1 The Committee Chair shall attend the Annual General Meeting to respond to any questions on the Committee's activities.

7. Purpose of the Committee

- 7.1 The purpose of the Committee is to assist the BoM in the effective discharge of its responsibilities for financial reporting, risk management and internal control and for maintaining an appropriate relationship with the internal and external auditors for Bield as a whole. In so doing, the Committee shall act independently of management and seek to safeguard the interests of Bield. The Committee shall carry out the duties below for Bield.

- 7.2** The Committee will review and make recommendations to the BoM on:
- the external audit
 - the financial reporting process
 - the accounting and internal control systems
 - the internal audit function including any internal audit review of Bield's Policies and Procedures and internal management systems
 - the risk register and assessment of the adequacy of the controls in place. Including the risk appetite of the business

7.3 External Audit

The Committee shall oversee Bield's relations with the external auditor and in doing so will:

- 7.3.1** consider and make recommendations to the BoM, for approval at the AGM, as regards the appointment, reappointment and removal of Bield's external auditors;
- 7.3.2** annually assess, and report to the BoM on, the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process. This process shall include a report from the external auditor on their own internal quality procedures;
- 7.3.3** consider and initiate the tendering of the external audit services contract where appropriate and at least every seven years, and determine and oversee the selection procedure for the appointment of the external auditor, ensuring that all tendering firms have access as is necessary to information and individuals during the duration of the tendering process;
- 7.3.4** influence the appointment of an audit engagement partner;
- 7.3.5** investigate the issues leading to any resignation of the external auditor and decide whether any action is required;
- 7.3.6** approve the terms of engagement of the external auditor, including reviewing and agreeing: any engagement letter issued at the start of each audit; the scope of the audit; and the remuneration to be paid in respect of audit services provided;
- 7.3.7** meet with the external auditor at least twice each year, once at the planning stage prior to the audit and once post audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss any issues arising;
- 7.3.8** review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 7.3.9** review and discuss with the external auditor any factors that could affect audit quality and following the audit, seek confirmation of how these were addressed;
- 7.3.10** review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- a discussion of any major issues which arose during the audit;
 - an evaluation of the evidence they have received in relation to each of the areas of significant judgment and a review of key accounting and audit judgements;
 - levels of errors identified during the audit; and
 - a review of the effectiveness of the audit process, including the interaction of senior management with the external auditors.
- 7.3.11** review any representation letter(s) requested by the external auditor before they are signed by a Board representative, preferably the Chair of the Board or Chair of the Audit & Risk Committee;

7.3.12 review the management letter and management's response to the external auditor's findings and recommendations; and

7.3.13 keep under review the relationship with external auditors including (but not limited to):

- assessing the independence and objectivity of the external auditors including the appropriate rotation of the key partner;
- satisfying itself that there are no relationships between the external auditors and Bield that impair the auditor's independence and objectivity;
- developing and implementing a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, considering any relevant ethical guidance on the matter;
- consideration of other fees which are payable to the external auditors in respect of non-audit activities and to ensure the provision of non-audit services does not impair the external auditors' independence or objectivity.

7.4 Financial Reporting

7.4.1 The Committee shall monitor the integrity of the financial statements of Bield, including its annual accounts and any other formal financial submissions or reports relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain before their submission to the BoM for approval having regard to matters communicated to it by the external auditor. The Committee shall review and challenge where necessary:

- the consistency of, and any changes to, accounting policies and practices;
- decisions requiring a major element of judgment;
- the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- the clarity of disclosures;
- significant adjustments resulting from the audit;
- the going concern assumption;
- compliance with accounting standards;
- compliance with legal requirements; and
- all material information presented with the financial statements, such as Strategic Report and the Corporate Governance statement, in so far as it relates to audit, internal control and risk management.

7.4.2 Where the Committee is not satisfied with any aspect of the proposed financial reporting by Bield, it shall report its views to the BoM.

7.4.3 The Committee should make recommendations to the BoM on the approval of reports brought before them for review, in line with their delegated authority and special assignments as requested by the BoM.

7.5 Narrative Reporting

7.5.1 Where requested by the BoM, the Committee shall review the content of the annual report and accounts and advise the BoM on whether, taken as a whole, it is fair, consistent, balanced and understandable and provides the information necessary to assess Bield's, position, performance, business model and strategy.

7.6 Internal Audit

The Committee shall:

7.6.1 approve the appointment and removal of the internal auditor;

- 7.6.2** review and approve the role and mandate of the internal auditor;
- 7.6.3** consider and initiate the tendering of the internal audit services contract where appropriate, and determine and oversee the selection procedure for the appointment of the internal auditor, ensuring that all tendering firms have access as is necessary to information and individuals during the duration of the tendering process;
- 7.6.4** approve the annual internal audit plan and ensure that it is aligned to the key risks of Bield;
- 7.6.5** ensure that there is open communication between the different functions and that the internal auditor evaluates the effectiveness of the risk, compliance and finance functions as part of its internal audit plan;
- 7.6.6** ensure that the internal auditor has an appropriate standing and level of resource and competence to discharge its responsibilities and is free from management influence or other restrictions in Bield and is so able to exercise independent judgement;
- 7.6.7** meet the Internal auditor at least once a year, without management being present, to discuss any issues arising;
- 7.6.8** monitor and review annually the effectiveness of Bield's internal auditor in the overall context of Bield's risk management systems; and
- 7.6.9** monitor and review the progress and findings of the internal audit plan, including management's responsiveness to the findings and recommendations of the internal auditor and whether these properly support the effective working of the internal auditor.

7.7 Internal Control and Risk Management

The Committee shall:

- 7.7.1** review the adequacy and effectiveness of Bield's internal control and risk management policy and systems as appropriate for the identification, assessment, management, monitoring and reporting of risks including those relating to financial matters;
- 7.7.2** review and approve the statements to be included in the annual report concerning internal controls and risk management;
- 7.7.3** review the annual assessment by the internal auditor of the effectiveness of internal control;
- 7.7.4** review reports for any non-compliance of the policies and procedures for the operation of the Treasury function; periodically review performance and exposure to treasury instruments; and review and recommend any Bank and Borrowing facilities and similar financing arrangements, which may from time to time be specifically delegated from the BoM for decision; and
- 7.7.5** consider any reports on the Bield's tax position and policy, and areas of potential tax exposure.
- 7.7.6** monitor and review Bield's overall level of risk appetite and monitor where changes in inherent risk levels are recorded and consider whether mitigations remain appropriate to reduce the residual risks to an acceptable level for the business.
- 7.7.7** monitor identified risks by reviewing risk reports and reporting to the BoM
- 7.7.8** identify and assess new/emerging risks and report significant changes/additions to the BoM
- 7.7.9** Report annually to the BoM on action taken to manage/reduce key risks
- 7.7.10** Review business continuity plans are in place and kept under review
- 7.7.11** Review at least annually the Schedule 7, Declarations of Interest, Entitlements, Payments and Benefits and Complaints registers

7.8 Other financial reviews and appraisals

7.8.1 Where requested by the BoM, the Committee shall review and make recommendations to the BoM on any additional financial area which may include but not be limited to financial projections, scenario plans, capital investments and any other relevant area.

7.9 Compliance and Fraud

The Committee shall:

7.9.1 review reports for any non-compliance with policies relating to; Fraud and theft, Money laundering and bribery and make recommendations based on findings.

7.9.2 monitor and review the effectiveness of Bield's compliance and assurance arrangements, including level of resource, competence and relevant policy; and

7.9.3 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 BoM.

7.10 Equality and Diversity

7.10.1 The Committee has a duty to promote Equality Diversity and Inclusion, ensuring compliance with Bield's policies and best practice as evidenced by the appropriate Equality and Diversity Impact Assessments.

7.11 Reporting Responsibilities

7.11.1 The minutes of Committee meetings will be presented to the next BoM meeting for noting. Any matter that is referred to the BoM for approval or decision will be the subject of a separate paper that will be prepared and circulated with the BoM papers.

7.11.2 The Committee shall make whatever recommendations to the BoM it deems appropriate on any area within its remit where action or improvement is needed.

7.11.3 The Committee shall compile a report to the BoM during the year to include:

- the effectiveness and adequacy of the internal controls including 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 Company Secretary
- arrangements for promoting economy, efficiency and effectiveness within Bield
- how the Committee composition requirements have been addressed;
- an explanation of how the Committee has addressed the effectiveness of the external audit process;
- the significant issues that the Committee considered in relation to the financial statements and how these were addressed, having regard to matters communicated to it by the auditor;

7.11.4 In compiling any reports referred to in this section the Committee should exercise judgment in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the BoM's assessment of whether Bield is a going concern.

7.12 Other Matters

The Committee shall:

7.12.1 have access to sufficient resources in order to carry out its duties;

7.12.2 be provided with appropriate and timely training on an ongoing basis for all Members;

7.12.3 give due consideration to the law and regulations;

7.12.4 at least once a year review its own performance, constitution, plan of business and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the BoM for approval;

7.12.5 work and liaise as necessary with all other BoM Committees; and

7.12.6 deal with any matters which the BoM may refer to the Committee.

8. Review

8.1 The effectiveness of the remit will be monitored by the Committee, to ensure that the objectives are being met. The remit will be reviewed every 5 years by the BoM or more frequently should circumstances require.

9 Authority

9.1 The Committee has no executive powers other than the specific authorities set out in this Remit and such other authority as is from time to time delegated to it by the BoM. Otherwise, it will recommend any executive action it considers necessary to the BoM. The Committee does not relieve the Members of their responsibilities in respect of BoM responsibilities.

9.2 Bield's external auditors or internal auditors may request a meeting if they consider one is necessary.

9.3 The Committee is authorised:

- to seek any information it requires from any officer or employee of Bield in order to perform its duties;
- The Committee may commission at Bield's expense 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 Bield Chair. The Committee has the right of access to all information and records necessary for the fulfilment of its function. The Committee will inform the Director of Finance & Resources and the BoM of any such action; and
- to call any member of staff to be questioned at a meeting of the Committee as and when required.