

## AUDIT AND REMUNERATION COMMITTEES

Report of the Director of Derby Homes

### SUMMARY OF REPORT

1. This report sets out terms of reference and membership for the proposed Audit and Remuneration Committees recommended by Resources Committee on 29 May 2003.

### RECOMMENDATIONS

2. That the Audit Committee and the Remuneration Committee are created as proposed.

### MATTER FOR CONSIDERATION

- 3.1 Resources Committee, on 29 May 2003, considered the interim report from our external Auditors, PricewaterhouseCoopers. Resources Committee recommended to the Board the proposals in that report that Derby Homes creates two new committees
  - an Audit Committee
    - to consider the integrity of the financial statements of the Company
    - to review the Company's internal financial control systems and risk management
    - to monitor and review the effectiveness of the internal audit function
    - to make recommendations to the Board in relation to the appointment of internal and external auditors
    - to monitor and review the external auditors' independence, objectivity and effectiveness
  - a Remuneration Committee
    - to provide a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of the director and assistant directors
    - to make recommendations on the above to the Board.
- 3.2 The proposed terms of reference for each Committee is attached.
- 3.3 Membership of each Committee is proposed as follows

Audit Committee	5 main Board members who do not hold positions of Chair, Vice Chairs of Derby Homes Board and Chair of Homes Pride and Service Improvement Committee and Chair of Resources Committee. At least one member to have significant, recent and relevant financial experience.
Remuneration Committee	Board members who are the Chair, 2 Vice Chairs, Chair of Homes Pride and Service Improvement Committee and Chair of Resources Committee.

- 3.4 The proposed membership has been discussed with the external auditors who has supported them.

### **CONSULTATION IMPLICATIONS**

4. None.

### **FINANCIAL AND BUSINESS PLAN IMPLICATIONS**

5. None.

### **LEGAL AND CONFIDENTIALITY IMPLICATIONS**

6. By creating these Committees, Derby Homes will be complying with best practice recommendations for companies.

### **PERSONNEL IMPLICATIONS**

7. None.

### **ENVIRONMENTAL IMPLICATIONS**

8. None.

### **EQUALITIES IMPLICATIONS**

9. None.

### **Contact Officer**

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