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REGIONAL BOARD REPORT

Subject: Code of Corporate Governance: Review of Committees Terms of Reference	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: Hazel Robertson, Interim Board Secretary	**Date:** 25 November 2019

Purpose: To provide updated Committee Terms of Reference for approval.

Linked to Strategic Goal 5: Build Sustainability.

Executive Summary

In December last year the Board approved revisions to the College's Corporate Governance Guide Narrative, Standing Orders and Scheme of Delegation.

The final element in our corporate governance guide comprises the Terms of Reference of our standing committees of the Board. It was agreed last December that these would be reviewed in December 2019.

The following ToR have been reviewed and approved by the respective committee:

- Finance and General Purposes
- Curriculum and Quality
- Chair's.

A cross check has been performed across all committees and has highlighted some areas for improvement and consistency. It is recommended that Committees have constitutions, meeting arrangements and reporting arrangements which are constructed in the same way, to provide greater clarity to how committees are established and how they conduct their business.

As part of its review, the Curriculum and Quality Committee identified a concern that the committee could be quorate without having any independent members present. This has been rectified by requiring at least one independent member to be part of the quorum of three members. This is an important aspect of our overall governance arrangements and this mechanism could be strengthened for other committees by either:

- Requiring at least one independent member to be part of the quorum
- Requiring all committees to have a majority of independent members to be quorate.

One of our committees requires a quorum of four (F&GP) so requiring a majority would mean 3:1 independent:stakeholder. This will be most challenging for the Audit Committee which currently has three independent members and one stakeholder.

All committees except the Audit Committee can call meetings as required. It is recommended to add this to the Audit ToR as it is entirely possible that the Audit Committee may need to convene an urgent meeting eg in the case of a significant fraud.

Differences are apparent in whether committees may co-opt members. The Finance and General Purposes Committee cannot co-opt members but the Audit, Curriculum and Quality, and Nominations Committees can. Given the previous concerns identified through Board self evaluation process, ie the need for greater business / commercial expertise on the F&GP Committee, this may be an option to explore.

Members are asked to provide their feedback on the options for quorum:

1) Requiring each committee to have at least one independent member
2) Requiring each committee to have a majority of independent members
3) A variant, specific to each committee.

Recommendation:

Report is for

- Discussion of the options and agreement in relation to quorum approval.
- Consideration of the possibility of co-option to the F&GP Committee.
- Approval of the revised Terms of Reference for all the committees.

Previous Committee Approvals:
Finance and General Purposes Committee
Curriculum and Quality Committee
Chair's Committee

For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

Annex D

BORDERS COLLEGE

AUDIT COMMITTEE

TERMS OF REFERENCE

1 Constitution

There will be a minimum of five members of the Regional Board, excluding the Chair of the Board, Chair or member of the Finance and General Purposes Committee and Principal.

At least one member of the Committee should have a background in finance, accounting or auditing; if no such member has the requisite background then the Committee may co-opt an individual with the appropriate background. The Regional Board will be advised of the details of any proposed co-opted individual. The co-opted individual will not count towards the quorum.

The Vice Principal, Finance and Corporate Services would normally be in attendance but may be excluded at the request of the Committee.

1.1 **Quorum:** Three members of the Committee shall constitute a quorum. There should always be a majority of independent members present.

1.2 **Chair:** To be elected by the Regional Board.

2 Terms of Reference

2.1 To make a recommendation to the Regional Board on the appointment, reappointment, remuneration or removal of the internal auditors;

2.2 To advise the Regional Board of the process for the appointment of the external auditor (currently appointed by Audit Scotland) its remuneration and of any issues relating to the role of the external auditor;

2.3 To review the processes and advise the Regional Board on the internal and external auditor's assessment of the College's financial and other internal control systems;

2.4 To review and advise the Regional Board on compliance with corporate governance requirements and good practice guidance;

2.5 Reviewing the scope, efficiency and effectiveness of the work of internal audit and advise the Regional Board thereon;

2.6 To establish appropriate performance measures and indicators to monitor the effectiveness of external audit;

2.7 To consider the College's annual report and financial statements and the external auditor's report after review by the Finance and General Purposes Committee and prior to submission to the Regional Board;

2.8 To advise the Regional Board on relevant issues arising from the Audit Committee's consideration of internal audit, progress reports, annual reports and College management's response thereto;

2.9 To respond appropriately to any notification to the Audit Committee of fraud or other improprieties;

2.10 To review the external auditor's Management letter and monitor management's response;

2.11 To advise the Regional Board on relevant issues arising from the external auditor's management letter, other external audit reports and College's management's response thereto;

2.12 To promptly pursue recommendations arising from audit reports and monitor their implementation;

2.13 To have access to and ensure attendance of external auditors at Audit Committee and Regional Board meetings as required;

2.14 To advise the Regional Board of any potential conflict of interest following consideration of any non-statutory audit work;

2.15 To ensure the College has effective arrangements for securing economic and efficient use of the College's resources and report to the Regional Board thereon and on the identification of potential topics for value for money reviews, having regard to national value for money studies in the further education sector;

2.16 To produce and submit an annual report to the Regional Board;

2.17 To review previously reported cases of impropriety to establish whether they have been handled appropriately;

2.18 To note any updates of Register of Board Members' Interests;

2.19 To note any updates of Register of Gifts.

3 Meetings

3.1 The Committee shall meet four times a year;

3.2 The Committee shall sit privately without any non-members present for all or part of a meeting if they so decide;

3.3 The members of the Audit Committee should meet with the internal and external auditors without the Executive team present at least annually.

4 Reporting

All members of the Regional Board shall receive a copy of the minutes of each meeting at the following Board meeting (save in the event that the relevant meeting of the Committee has just recently taken place and the minutes have not yet been prepared). In each case the Chair of the Committee shall make an oral and/or written report to the following Board meeting. An Annual Report shall be submitted to the Regional Board.

Approved by the Board - December 2019

Date of next review – December 2021

Annex E

BORDERS COLLEGE

FINANCE & GENERAL PURPOSES COMMITTEE (F&GPC)

TERMS OF REFERENCE

1 Constitution

There will be a minimum of six members comprising the Board Chair, Principal and a minimum of four other members of the Board. No member of this Committee may serve concurrently on the Audit Committee.

The Vice Principal (Finance and Corporate Services) should be in attendance.

1.1 **Quorum:** Four members of the Committee shall constitute a quorum. There should always be a majority of independent members present.

1.2 **Chair:** To be elected by the Regional Board.

2 Terms of Reference

2.1 To monitor the financial control of the College and to keep the College Financial Regulations under review; including reviewing and monitoring banking arrangements, monitoring income and expenditure against budget and monitoring capital expenditure against the plan;

2.2 To consider financial benchmarking information;

2.3 To recommend the adoption of the financial strategy to the Board, and to monitor its implementation;

2.4 To recommend the Annual Budget to the Board;

2.5 To consider the Financial Forecast Return and recommend for approval by the Board;

2.6 To give preliminary consideration to strategic matters which may have significant financial impact, and make recommendations to the Board on these matters;

2.7 To approve procurements in accordance with the authority delegated to the Committee from time to time under the Borders College Procurements Thresholds Scheme (currently fixed at procurements between £100,000 and £249,999);

2.8 To determine policy in relation to how tuition and other fees are set, and arrangements for refunds;

2.9 To advise the Board of the financial status of any College Companies;

2.10 To approve the Estates Strategy and monitor its implementation;

2.11 To approve the Information Services and Learning Technology strategy and monitor its implementation;

2.12 To monitor strategic risks which are relevant to the Finance and General Purposes Committee;

2.13 To monitor the implementation of the Carbon Management Plan with regard to sustainability and the environment;

2.14 To monitor that the College is operating within all legal requirements relating to employment law and other legislation affecting employment;

2.15 To advise the Regional Board on the Human Resources (HR) strategy and to monitor the implementation of this and actual performance against KPIs;

2.16 To make recommendations to the Regional Board on HR strategic policies;

2.17 To ensure that the Board complies with the nationally agreed college sector; Staff Governance Standard;

2.18 To undertake any other activities relevant to the remit of the Finance & General Purposes Committee, as delegated by the Board.

3 Meetings

The Committee shall meet four times a year and more frequently as necessary.

4 Reporting

All members of the Regional Board shall receive a copy of the minutes of each meeting at the following Board meeting (save in the event that the relevant meeting of the Committee has just recently taken place and the minutes have not yet been prepared). In each case the Chair of the Committee shall make an oral and/or written report to the following Board meeting. An Annual Report shall be submitted to the Regional Board.

Particular items which require reporting:

4.1 Recommended College and annual revenue, capital budgets and associated issues for Board approval;

4.2 Summary of financial and functional performance against budget;

4.3 Development plan with action plans on variances;

4.4 All non-budgeted income and expenditure in excess of £100k;

4.5 Statutory Accounts of the College;

4.6 Irrecoverable debts written off if above £5k.

Approved by the Board - December 2019

Date of next review - November 2021

BORDERS COLLEGE

NOMINATIONS COMMITTEE

TERMS OF REFERENCE

1 Constitution

There will be a minimum of five independent members of the Regional Board, one of whom should be the Chair of the Regional Board. All appointments to the Committee shall be made by the Board with exception of the Chair of the Regional Board.

Members are able to co-opt other members with particular expertise. The Regional Board will be advised of the details of any proposed co-opted individual. The co-opted individual will not count towards the quorum.

For the avoidance of doubt, the Principal of the College is ineligible for appointment. Members of the College Leadership Team should be in attendance as requested by the Chair.

1.1 **Quorum:** Three members of the Committee shall constitute a quorum. There should always be a majority of independent members present.

1.2 **Chair**: The Chair of the Regional Board will chair the committee. In the absence of the Chair, the remaining members present shall elect one of their own number to chair the meeting.

2 Terms of Reference

2.1 To determine the process for nominations, appointments /extensions to the Regional Board of independent members;

2.3 To nominate candidates for the approval of the Regional Board, Chair and Ministers to fill vacancies on the Regional Board;

2.4 To conduct succession planning with the dual purpose of ensuring that the members of the Board have the requisite skills, experience, knowledge and other relevant attributes for the Board to perform effectively, and ensuring there is diversity in relation to members' protected characteristics.

2.5 To develop policies and procedures for the induction, training and development of Regional Board members.

2.6 To review and approve procedures for search, nomination and appointment of new members. Ensure that these follow Ministerial guidelines in relation to the appointment, re appointment/extension of' independent members,

incorporating consideration of the Regional Board Member's performance and contribution to the Regional Board;

2.7 Consideration of formal succession planning arrangements, for independent members and in particular the key roles of Principal and Vice Chair; taking into account the challenges and opportunities facing the college and the impact these have on the skills and expertise required by the Regional Board going forward;

2.8 Take into account Scottish Ministers guidance on College Sector Board Appointments and powers under the Further and Higher Education (Scotland) Act 1992 and the Further and Higher Education (Scotland) Act 2005in the recruitment and appointment or extension of a Regional Board Member;

2.9 The Committee will conduct an open, transparent and merit based recruitment process for new Board Members;

2.11 To consider and make representations to the Regional Board on the appointment of co-opted members.

3 Meetings

The Committee shall meet annually and more frequently as necessary; or at such times as the chair of the Committee shall require.

4 Reporting

All members of the Regional Board shall receive a copy of the minutes of each meeting at the following Board meeting (save in the event that the relevant meeting of the Committee has just recently taken place and the minutes have not yet been prepared). In each case the Chair of the Committee shall make an oral and/or written report to the following Board meeting. An Annual Report shall be submitted to the Regional Board.

Approved by the Board – December 2019

Date of Next Board Review - December 2021

Annex G

BORDERS COLLEGE

CURRICULUM AND QUALITY COMMITTEE

TERMS OF REFERENCE

1 Constitution

There will be a minimum of five members of the Regional Board (one will be the Academic Staff Board Member and one will be the Student Association Executive Member).

There may be other committee members co-opted as appropriate. The Regional Board will be advised of the details of any proposed co-opted individual. The co-opted individual will not count towards the quorum.

In attendance will be the Vice Principal Curriculum and Student Services and the Director of Business Improvement and Performance. Others may attend by invitation.

1.1 **Quorum:** Meetings shall be quorate if three members of the committee are Present, at least one of which should be an external member.

1.2 **Chair:** To be elected by the Regional Board.

2 Terms of Reference

2.1 To discuss and monitor issues relating to development of the College's Academic Programme and wider curriculum;

2.2 To monitor and review progress on the College's Strategic Education Objectives;

2.3 To monitor the College's Key Performance Indicators relating to the performance of students, teaching and learning across the College;

2.4 To consider the Evaluative Report and Enhancement Plan and recommend approval to the Regional Board;

2.5 To receive reports annually on the work of the Senior Leadership Team (SLT);

2.6 To monitor Student Satisfaction;

2.7 To monitor College complaints and compliments;

2.8 To monitor College arrangements for Student Representation;

2.9 To monitor the Quality Assurance Strategy;

2.10 To receive reports on curriculum visits by Regional Board Members on a bi-annual basis;

2.11 To approve appropriate policies as directed by the Regional Board;

2.12 To oversee the disbursement of the Trust Funds.

3 Meetings

The Committee shall meet at least once each term and more frequently as necessary.

4 Reporting

All members of the Regional Board shall receive a copy of the minutes of each meeting at the following Board meeting (save in the event that the relevant meeting of the Committee has just recently taken place and the minutes have not yet been prepared). In each case the Chair of the Committee shall make an oral and/or written report to the following Board meeting. An Annual Report shall be submitted to the Regional Board.

Approved by the Board – December 2019

Date of next review – December 2021

ANNEX I

BORDERS COLLEGE

CHAIRS' COMMITTEE

TERMS OF REFERENCE

1 Constitution/Meetings

The Regional Board Chair and various other members of the Regional Board will constitute this Committee. There will be no representative from the Executive team unless requested to attend by the Regional Board Chair.

1.1 **Quorum:** The Regional Board Chair and two members of the Committee will constitute a quorum. There should always be a majority of independent members present.

1.2 **Chair:** The Regional Board Chair shall be Chair.

1.3 **Meetings**: Meetings of the Committee shall be called by the Chair of the Regional Board and invitations to attend will in each case be issued to the Vice Chair of the Regional Board and the Chairs of each of the Committees of the Regional Board. Invitations to attend may also at the discretion of the Chair of the Regional Board be issued to further or all members of the Regional Board depending on the nature of the business proposed to be dealt with at any meeting of the Committee.

2 Terms of Reference

2.1 To advise the Regional Board on the selection/appointment of the Principal and Board Secretary;

2.2 To advise the Regional Board on any matters relating to the misconduct on the part of the Principal, Board Secretary or Board member;

2.3 To manage staff disciplinary procedure appeals in the case of dismissal;

2.4 To manage grievance procedure for staff where the grievance is against the Principal;

2.5 To manage grievance appeals where the grievance is against a member of the Executive team;

2.6 To oversee any urgent matter that may in the opinion of the Chair of the Regional Board affect the operation of the College, excepting however matters specifically reserved for Board **decision** and excluded from any delegation all as set out in the Regional Board's Scheme of Delegation as constituted from time to time, or relevant legislation;

2.7 To consider and make recommendations to the Regional Board on any matters of unusual or special interest not within the remit of another Committee.

3 Frequency of meetings and Reporting

All members of the Regional Board shall receive a copy of the minutes of each meeting at the following Board meeting (save in the event that the relevant meeting of the Committee has just recently taken place and the minutes have not yet been prepared). In each case the Chair of the Committee shall make an oral and/or written report to the following Board meeting. An Annual Report shall be submitted to the Regional Board.

Approved by the Board - December 2019

Date of next Board review - December 2021

Annex I

BORDERS COLLEGE

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1 Constitution

There will be the Chair of the Regional Board plus a minimum of three independent members.

For the avoidance of doubt, the Principal of the College is ineligible for appointment but shall be an adviser to the committee regarding proposals relating to other members of the Executive team. He or she may not take part in the determination of any such matter.

Members of the College Leadership Team can be in attendance by invitation of the Chair.

1.1 **Quorum:** Three members of the Committee shall constitute a quorum. There should always be a majority of independent members present.

1.2 **Chair:** The Committee shall elect a Chair from amongst its members for approval be the Regional Board. The Chair of the Regional Board shall not act as Chair of the Committee.

2 Terms of Reference

2.1 To determine and review the salaries, terms and conditions and pension arrangements of the Principal and other members of the Executive team;

2.2 To determine the performance framework applied to the Principal and senior staff, adopting a process consistent with the requirements of the Code of Good Governance;

2.3 To consider any proposed severance package prior to submission to the Regional Board in terms of the College's Staff Severance Policy and Scottish Funding Council guidelines /rules , where this relates to the Principal and/or Executive Team or other member of staff as required by SFC guidance;

2.4 To consider and respond to any appeals made by senior executives in relation to 2.1 and 2.2 above.

2.5 To demonstrate efficient and effective use of public funds in the committee's decisions, so that they reflect the performance of the organisation and the requirement for its ongoing financial sustainability.

3 Authority

The Committee is authorised by the Regional Board to obtain independent professional advice if it considers it necessary.

4 Meetings

The Committee shall meet at least once yearly and more frequently as necessary.

5 Reporting

All members of the Regional Board shall receive a copy of the minutes of each meeting at the following Board meeting (save in the event that the relevant meeting of the Committee has just recently taken place and the minutes have not yet been prepared). In each case the Chair of the Committee shall make an oral and/or written report to the following Board meeting. An Annual Report shall be submitted to the Regional Board.

Approved by the Board December 2019 Date of Next Board Review December 2021