

AUDIT COMMITTEE REPORT

Subject: Review of ToR for Audit Committee	Purpose: For Approval <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/>	
Prepared by: Ingrid Earp – Secretary to the Board	Date: 22 January 2020	
Purpose: To add to the ToR to include explicit reference to risk and oversight of the risk register.		
Linked to Strategic Goal 5: Build Sustainability.		
Executive Summary: Although review of the College risk register and discussion of risk has been implicit in the remit of the Audit Committee, after discussion between Ingrid Earp and Hazel Robertson, and with reference to the Scottish Government Audit Committee Handbook it became apparent that the inclusion of specific reference to risk in the remit of the Committee would be a useful addition. The Audit terms of reference has also been reorganised to make it easier to read and understand and bring up to current terminology. Given the recent data event, the Committee may wish to consider whether they have a role in terms of data protection and information governance – reviewing any reports and receiving assurance on systems, or whether this would be reserved for the board (similar to health and safety). The revised ToR are followed in the paper by the current ones with differences highlighted.		
Recommendation: To approve addition of additional ToR and wording of that ToR.		
Previous Committee Approvals:		
For publication <input checked="" type="checkbox"/>	For publication with redactions <input type="checkbox"/>	Not for publication <input type="checkbox"/>

BORDERS COLLEGE
AUDIT COMMITTEE
TERMS OF REFERENCE

1 Constitution

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 consider co-opting 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 for the purposes of constituting a quorum.

Three members of the Committee shall constitute a quorum.

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

The Chair will be elected by the Regional Board.

2 Remit

INTERNAL AND EXTERNAL AUDIT

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

2.2 To ensure that the Internal Audit plan is risk based, covers financial and management systems, and in that context, to review the scope, efficiency and effectiveness of the work of internal audit and advise the Regional Board thereon;

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

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

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

- 2.6 To promptly pursue recommendations arising from audit reports and monitor their implementation;
- 2.7 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.

ANNUAL REPORT AND FINANCIAL STATEMENTS

- 2.8 To undertake an annual assessment of the operation of risk management and internal control arrangements to support the production of the annual report and financial statements;
- 2.9 To consider the College's annual financial statements and the external auditor's report after review by the Finance and General Purposes Committee and recommend them to the Regional Board for approval.

CORPORATE GOVERNANCE

- 2.10 To receive and consider the findings of any other relevant review reports from external bodies such as HMRC, Audit Scotland, SFC, The Information Commissioners Office;
- 2.11 To review and advise the Regional Board on compliance with corporate governance requirements and good practice guidance;
- 2.12 To respond appropriately to any notification to the Audit Committee of fraud or other improprieties;
- 2.13 To review previously reported cases of impropriety to establish whether they have been handled appropriately;
- 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 best value from the College's resources and report to the Regional Board thereon and on the identification of potential topics for best value reviews, having regard to national performance guidance, audits and reports in the further education sector.
- 2.16 To note any updates of Register of Board Members' Interests;
- 2.17 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 meet 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 and the Chair of the Committee shall make an oral or written report at the following Regional Board meeting. A formal Annual Report shall also be submitted to the Regional Board.

Approved by the Board -

Date of next review –

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AUDIT COMMITTEE

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1 Constitution

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1.1 Quorum: Three members of the Committee shall constitute a quorum.

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; *Combined with 2.5 below to be 2.2 in suggested revision*

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; *Combined with 2.3 above to be 2.2 in suggested revision*

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

- 2.7 To consider the College's annual 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; *combined with 2.11 below to be 2.6 in suggested revision*
- 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; *combined with 2.10 above to be 2.6 in suggested revision*
- 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; *already covered in Section 4 Reporting and removed from suggested revision*
- 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;
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- 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 and the Chair of the Committee shall make an oral or written report at the following Regional Board meeting. A formal Annual Report shall also be submitted to the Regional Board.

Approved by the Board - (8 February 2018)

Date of next review – (February 2020)