

AUDIT COMMITTEE REPORT

Subject: Annual Review of Audit Committee Terms of Reference (ToR)	Purpose: For Approval <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/>	
Prepared by: Ingrid Earp – Board Secretary	Date: 20 January 2022	
Purpose: To review and update the Committee Terms of Reference in the light of new legislation, guidance and the introduction of new areas of activity for the Committee.		
Linked to Strategic Ambition: Take a leading role in enabling an inclusive, resilient and sustainable Scotland Performance Measures: Recognise nationally as a progressive organisation		
Linked to Strategic Risk Register: New Risk (outwith themes) New Risk Commentary: n/a		
Executive Summary: <p>Each year the Committee undertakes a review of the Terms of Reference (ToR) to ensure that they are still relevant, compliant and allowing appropriate scrutiny.</p> <p>Over the previous year some new items have been added to the remit of the Committee and these have now been formally added to the ToR. The main items added are cyber security, data protection and business continuity.</p> <p>Some of the previous ToR have been reworded in the light of changes in names of documents referenced for example and the order in which they are listed has been altered to group activities such as external audit together.</p> <p>Changes have been highlighted in yellow to allow comparison, and the current and proposed versions attached.</p>		
Recommendation: The Committee agrees to the revised ToR and recommends acceptance to the Regional Board.		
Previous Committee Approvals: None		
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	Not for publication 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 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 for the purposes of constituting a quorum. The Vice Principal, Finance and Corporate Services and Principal 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.

1.2 Chair: To be elected by the Regional Board.

2 Terms of Reference

Key remit areas for the Audit Committee are:

- External Audit
- Internal Audit
- Annual Accounts (in conjunction with Finance and General Purposes Committee) and Auditor's Management Letter
- Risk Register and Risk Management
- Data Protection
- Cyber Security
- Value for Money and Procurement
- Business Continuity
- Register of Gifts
- Impropriety/Fraud
- Annual Report to the Regional Board

In detail:

- 2.1** 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;
- 2.2** To establish appropriate performance measures and indicators to monitor the effectiveness of external audit;

- 2.3** 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;
- 2.4** To review the external auditor's Management letter and monitor Management's response and 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;
- 2.5** To have access to and ensure attendance of external auditors at Audit Committee and Regional Board meetings as required;
- 2.6** To make a recommendation to the Regional Board on the appointment, reappointment, remuneration or removal of the internal auditors;
- 2.7** To review the scope, efficiency and effectiveness of the work of internal audit and advise 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;
- 2.9** 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;
- 2.10** To advise the Regional Board of any potential conflict of interest following consideration of any non-statutory audit work;
- 2.11** To promptly pursue recommendations arising from audit reports and monitor their implementation;
- 2.12** To monitor and ensure the effectiveness of the College Strategic Risk Register, the Risk Management Framework and the College approach to risk assessment and risk appetite, undertaking reviews as appropriate;
- 2.13** To oversee, and be assured that, all legislation and guidelines are being adhered to and followed with reference to Data Protection (DP);
- 2.14** To ensure the College has relevant and suitable procedures in place around cyber security, and be assured that the College is taking appropriate action where necessary;
- 2.15** To ensure the College has effective processes in place with regard to value for money and procurement practices, to oversee the arrangements for the economic, efficient and effective use of the College's resources and report such to the Regional Board. To identify potential topics for value for money reviews and promote the use of best practice and protocols, having regard to national value for money studies in the College sector;
- 2.16** To review the College Business Continuity Plan;
- 2.17** To note any updates of the Register of Gifts;

2.18 To respond appropriately to any notification to the Audit Committee of fraud or other improprieties and to review previously reported cases of impropriety to establish whether they have been handled appropriately;

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

2.20 In accordance with the Scottish Funding Council Code of Audit Practice, to submit an annual report to the Regional Board with particular reference to the adequacy and effectiveness of the College's internal control systems and the effectiveness of the work of the external and internal auditor.

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 and the Chair of the Committee shall make an oral or written report at the following Regional Board meeting.

Approved by the Board - TBC

Date of next review – February 2023

BORDERS COLLEGE
AUDIT COMMITTEE
TERMS OF REFERENCE

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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;

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 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 have oversight of the College risk register, associated policies and procedures and implementation of the College Risk Management Plan.
- 2.16** 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;
- 2.17** To produce and submit an annual report to the Regional Board;
- 2.18** To review previously reported cases of impropriety to establish whether they have been handled appropriately;
- 2.19** To note any updates of Register of Board Members' Interests;
- 2.20** 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 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 - February 2020

Date of next review – February 2021