GLASGOW KELVIN COLLEGE

BOARD OF MANAGEMENT

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

1. Membership

1.1 The membership shall be a minimum of five non-executive Board members and no member of this committee shall be a member of the Finance and Resources Committee.

1.2 At least one member should have a background in finance, accounting or auditing, but membership should not be drawn exclusively from people with such a background.

1.3 The Chair of the Finance and Resources Committee may be invited to attend the Committee meetings to provide clarification if required, but shall have no direct connection with the Committee.

1.4 The Chair of the Board should not be a member of this committee but may attend by invitation.

1.5 The Principal is not a member of the Committee, however, will attend meetings unless directed otherwise by the Chair of the Committee.

1.6 The Secretary to the Board shall act as Secretary to the Committee.

1.7 The Committee is authorised by the Board to obtain independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary. Any such attendee will have no voting rights.

2. Chair of the Committee

The Chair of the Committee will be appointed by the Board.

3. Quorum

The quorum shall be four non-executive members.

4. Voting Rights

Voting rights rest only with committee members who are full members of the Board of Management.

The Chair of the Committee possesses both a deliberative and a casting vote.

5. Meetings

The Committee will meet a minimum of four times in an academic year.

Additional meetings can be called by the Chair of the Committee if necessary or appropriate.

6. Remit

6.1 The Committee shall satisfy itself that the financial affairs of the College are correctly represented and that the funds received from the Scottish Funding Council (SFC) and/or Glasgow Colleges Regional Board (GCRB) are used in accordance with the Financial Memorandum between the College and GCRB. The Committee will additionally take appropriate cognisance of the Financial Memorandum between SFC and GCRB and of the Scottish Public Finance Manual.

6.2 Internal Audit

The Committee shall:

- review and advise the Board on the internal and external auditors' assessment of the effectiveness of the College's financial and other control systems, including controls specifically to prevent or detect fraud or other irregularities, as well as those for securing economy, efficiency and effectiveness;
- review and advise the Board on its compliance with corporate governance requirements and good practice guidance;
- meet privately with the internal auditors at least once per year without officers of the College present.

6.3 The Committee shall make recommendations to the Board on the selection, appointment or re-appointment and remuneration of the internal auditor and shall:

- advise on the terms of reference of the internal auditor;
- review the scope, efficiency and effectiveness of the work of the internal auditor;

- advise the Board of the Committee's approval of the basis for and the results of the internal audit needs assessment and strategic audit planning process;
- monitor management action on the implementation of agreed recommendations by the internal auditor;
- consider salient issues arising from internal audit reports and report to the Board on such matters;
- recommend to the Board approval or otherwise of the internal auditor's annual report;
- ensure the establishment of appropriate performance measures and indicators to monitor the effectiveness of the internal auditor;
- secure and monitor appropriate liaison and co-ordination between internal and external auditors;
- respond appropriately to notification of fraud or improprieties received from the internal auditor or other person.

6.4 External Audit

The College's External Auditors shall be appointed by the Auditor General for Scotland.

The Committee shall:

- consider the College's annual financial statements, including the external audit opinion, Statement of Members Responsibilities and any relevant issues raised in the auditor's management letter and the external auditor's report, prior to submission to the Board by the Finance Committee;
- approve the external audit strategy, plan and fee annually;
- monitor management action on the implementation of agreed recommendations in the external auditor's annual Management Letter;
- advise the Board of salient issues arising from external auditor's reports, and of managements response thereto;
- review the Statement of Corporate Governance;
- establish appropriate performance measures and indicators to monitor the effectiveness of the external audit provision;
- hold discussions with the external auditors and ensure their attendance at Audit and Risk or Board meetings, as required;
- consider the objectives and scope of any additional audit work to be undertaken by the external auditor and report to the Board the outcome of this activity;
- meet privately with the external auditors at least once per year without officers of the College present.

6.5 Value-for-Money

The Committee shall establish and oversee a review process for evaluating the effectiveness of the College's arrangements for securing its economical, efficient and effective management of resources and the promotion of best practice and protocols, and shall:

- advise the Board on potential topics for inclusion in a programme of value-for-money reviews and provide a view on the party most appropriate to undertake individual assignments, considering the required expertise and experience;
- advise the Board of action it may wish to consider in the light of national value-for-money studies.

6.6 Risk Management & Assurance Framework

- advise the Board on the Risk Appetite Statement and Risk Register;
- review the Risk Management Strategy in line with the review schedule;
- conduct a risk review of the College in collaboration with internal/external audit and advise the Board accordingly;
- review the Risk Register at each meeting;
- review the Assurance Framework and recommend the Framework to the Board of Management.

6.7 Governance and Compliance

The Committee shall review the College's compliance with the Financial Memorandum between the College and GCRB with reference to the Financial Memorandum between the SFC and GCRB. Additionally, the Committee will seek to ensure the College is compliant with the Code of Good Governance and the Scottish Public Finance Manual:

- produce an annual report for the Board, as set out in the Financial Memorandum, to be signed by the Chair of the Committee and presented to the Board;
- advise the Board of significant, relevant reports from Audit Scotland, the National Audit Office, GCRB, SFC, and successor bodies and, where appropriate, the management response;
- routinely review and approve existing policies and strategies delegated to the Committee by the Board. By exception the Chair may submit a proposed change to the Board where that change is judged by the Chair to be material or significant.

- review reported cases of impropriety to establish whether they have been appropriately handled;
- to undertake an annual self-evaluation of the Audit and Risk Committee as part of the Board's annual self-evaluation.

7. Reporting

The Chair of the Committee shall report on Committee business to the Board of Management with such recommendations, as Committee may deem appropriate recognising that any recommendations which have a material impact on the College must be referred and approved at the full Board.

The agendas, associated papers and minutes for this Committee will be made available in accordance with the Board of Management's Standing Orders and Freedom of Information Publication Scheme.

Reviewed by the Audit and Risk Committee:	**30 Nov 2021**
Date of Next Review:	**Nov 2024**
Approved by the Board of Management:	**7 Dec 2021**