

Board Meeting

Date of Meeting	Wednesday 28 May 2014
Paper Title	Draft Committee Terms of Reference
Agenda Item	8
Paper Number	BM1-E
Responsible Officer	Julia Henderson, Advisor to the Board
Status	Disclosable
Action	For approval

1. Report Purpose

- 1.1 To provide the Board with draft terms of reference for an Audit Committee (appendix 1) and a Nominations and Remuneration Committee (appendix 2); membership of each Committee to be determined thereafter by the Chair of the Board in discussion with Members and in accordance with the membership qualifications set out in the terms of reference.
- 1.2 To provide an opportunity for discussion on the options and remits for and approach to establishment of other committees or working groups by the Board.

2. Recommendations

- 2.1 The Board is asked to approve the establishment of an Audit Committee and a Nominations and Remuneration Committee and to adopt the draft terms of reference for each Committee.

3. Background

- 3.1 It is well recognised good governance to have, as a minimum, both an Audit and a Nominations and Remuneration Committee. The UK Corporate Governance Code sets this out as does the draft Code of Governance for Colleges in Scotland.

The terms of reference are standard and have been drafted to reflect good practice and the operating context of the Board.

4. Legal Implications

- 4.1 The Act provides in Schedule 2, that the Board may establish committees and is to determine the terms and conditions of membership, the procedures and the composition. This is reflected in the Board's Constitution and the terms of reference for the Committees.

4.2 In terms of the Act the Board will be required to comply with principles of good governance as a condition of funding from the Scottish Funding Council (SFC). The establishment of these committees and the approval of appropriate terms of reference are likely to be criteria in the SFC's determination of compliance. This is discussed further in report BM1-A.

5. Financial Implications

5.1 No practical implications.

6. Risk Analysis

6.1 Any Board should establish formal and transparent arrangements for appointments and considering risk management, internal controls and for maintaining appropriate relationships with auditors. The establishment of these Committees supports this principle.

Glasgow Colleges' Regional Board

Audit Committee Terms of Reference

1. CONSTITUTION

- 1.1** The audit committee is constituted as a committee of the Board of the Glasgow Colleges' Regional Board (hereinafter referred to as the Board).
- 1.2** The committee's terms of reference may be amended at any time by the Board.
- 1.3** The committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the board.

2. AUTHORITY

- 2.1** The committee is authorised:
 - a) to seek any information it requires from any employees of Board in order to perform its duties;
 - b) to obtain, at the Board's expense, outside legal or other professional advice on any matter within its terms of reference;
 - c) to co-opt members for a period of time (not exceeding a year, and with the approval of the Board) to provide specialist skills, knowledge and experience which the committee requires at a particular time;
 - d) to call any employee to a meeting of the committee as and when required; and
 - e) to have the right to publish in the directors' annual report details of any issues that cannot be resolved between the committee and the Board.

3. MEMBERSHIP

- 3.1** The committee shall be appointed by the Board from amongst its members and shall consist of not less than three members, at least one of whom shall have recent and relevant financial experience.
- 3.2** The Chair of the committee shall be appointed by the Board.
- 3.3** The Chair of the Board shall not be a member of the committee.
- 3.4** Appointments to the committee shall be for a period of up to two years, which may be extended for further periods of up to two years, provided the member still meets the criteria for membership of the committee.

3.5 The Board secretary is secretary to the committee.

4. ATTENDANCE AT MEETINGS

4.1 The quorum necessary for the transaction of the business of the committee shall be at least two committee members (including the Chairman).

4.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as the Chair of the Board and members of staff, may be invited to attend all or part of any meeting as and when appropriate.

4.3 At the request of the committee a representative of the external and internal auditors shall attend meetings.

5. FREQUENCY OF MEETINGS

5.1 Meetings shall be held at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

6. NOTICE OF MEETINGS

6.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or at the request of the external or internal auditors if they consider it necessary.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the committee, any other person required to attend, no later than five working days before the meeting.

7. MINUTES OF MEETINGS

7.1 The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.

7.2 The minutes of committee meetings shall normally be considered at the Board meeting following the committee meeting.

8. GENERAL DUTIES

8.1 The committee will advise the Board on:

- a) the strategic processes for risk, control and governance and the governance statement;
- b) the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit,

- levels of error identified, and management's letter of representation to the external auditors;
- c) the planned activity and results of both internal (see paragraph 8.2 below) and external audit;
 - d) the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
 - e) the effectiveness of the internal control environment; and
 - f) assurances relating to the corporate governance requirements for the organisation.

8.2 COMPLIANCE, WHISTLEBLOWING AND FRAUD

The committee shall:

- a) review the adequacy and security of arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- b) review procedures for detecting fraud;
- c) review systems and controls for the prevention of bribery and receive reports on non-compliance; and
- d) review arrangements proposed for special ad hoc investigations.

8.3 INTERNAL AUDIT

The committee shall:

- a) monitor and review the effectiveness of the internal audit function in the context of its overall risk management system;
- b) approve the appointment and removal of the internal auditor;
- c) review and assess the annual internal audit plan;
- d) review reports from the internal auditor to the committee;
- e) review and monitor the executive's reaction to the findings and recommendations of the internal auditor;
- f) review any proposals for the purchase of non-audit services from appointed auditors; and
- g) meet the internal audit partner at least once a year, without the executive being present, to discuss the remit and any issues arising from the internal audits carried out. The audit partner shall be given the right of direct access to the Chair of the Board and to the committee.

9. REPORTING PROCEDURES

- 9.1** The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.2** A report of the committee's discussions shall normally be considered at the Board meeting following the committee meeting. A copy of minutes of the meeting may form the basis of the report.
- 9.3** The committee will provide the Board with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

10. OTHER MATTERS

- 10.1** The committee shall:
- a) have access to sufficient resources to carry out its duties, including access to the board secretariat for assistance as required;
 - b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - c) oversee any investigation of activities which are within its terms of reference; and
 - d) arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and report the results including recommendations of any changes it considers necessary to the board for approval.

Glasgow Colleges' Regional Board

**Nominations and Remuneration Committee
Terms of Reference**

1. CONSTITUTION

- 1.1 The nomination and remuneration committee is constituted as a committee of the Glasgow Colleges' Regional Board.
- 1.2 The committee's terms of reference may be amended at any time by the Board.

2. AUTHORITY

- 2.1 The committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.
- 2.2 The committee is authorised by the Board to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge.

3. MEMBERSHIP

- 3.1 The committee shall be appointed by the Board from amongst its members and shall consist of not less than three members.
- 3.2 The Chair of the Board will become the committee chair. In the absence of the committee chair, the remaining members present shall elect one of themselves to chair the meeting.
- 3.3 Appointments to the committee shall be for a period of one year and reviewed at the Board meeting in March each year.
- 3.4 The Board Secretary shall act as secretary to the committee.

4. MEETINGS

- 4.1 The committee shall meet as determined by the Board and when necessary in terms of their remit.
- 4.2 The quorum necessary for the transaction of the business of the committee shall be at least two committee members.
- 4.3 At the request of the committee any other Board members or senior management staff shall attend meetings.
- 4.4 Meetings of the committee shall be arranged by the secretary at the request of the Chair.

- 4.5** Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and other attendees as appropriate, at the same time.

5. MINUTES OF MEETINGS

- 5.1** The secretary shall minute the proceedings and decisions of all committee meetings, including the names of those present and in attendance.

6. RESPONSIBILITIES

6.1 STAFF

The committee shall:

- a) oversee the remuneration strategy for the executive and other senior posts within the organisation, and provide support in reviewing overall executive performance;
- b) consider and agree proposals about the remuneration of senior executive staff. No member of staff shall be involved in any decision about their own remuneration;
- c) in making recommendations, take into account all factors which it deems necessary. These may include the review of data and information supplied by external parties and of internal and external comparative information;
- d) consider proposals regarding overall remuneration across the service, making recommendations to go to the full Board; and
- e) be consulted by the chief executive/chief ombudsman on any proposals for major changes to employee benefit structures.

6.2 BOARD MEMBERS

The committee shall:

- a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and of the assigned colleges' Boards and make recommendations to the Board with regard to any changes;
- b) give full consideration to succession planning for all Board members in the course of its work, taking into account the challenges and opportunities facing the region, and the skills and expertise needed on the Board in the future;
- c) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment; and
- d) make recommendations to the Board concerning suitable candidates for the role of senior independent director; membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairman of those committees.

6.3 REGIONAL BOARD MEMBERS

The Chair is appointed by Scottish Ministers; other members of the Board are appointed by the Board.

The committee shall make recommendations to the Board for its approval in relation to:

- a) the appointment of potential Board members to fill board vacancies as they arise;
- b) the extension of the period of appointment of Board members at the conclusion of their term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- c) the process for the election of staff and student Board members; and
- d) the terms and conditions of appointment for ordinary Board members and staff and student board members.

6.4 ASSIGNED COLLEGE BOARD MEMBERS

The committee shall make recommendations to the Board for its approval in relation to:

- a) the appointment of potential Board members to fill board vacancies on the assigned colleges' Boards, as they arise, along with the associated process;
- b) the extension of the period of appointment of Board members on the assigned colleges' Boards at the conclusion of their term of office having given due regard to their performance and ability to continue to contribute to the assigned college Board in the light of the knowledge, skills and experience required; and
- c) the terms and conditions of the chair and ordinary board member of the assigned colleges' Boards.

7. REPORTING RESPONSIBILITIES

- 7.1** A report of the committee's discussions shall normally be considered at the Board meeting following the committee meeting.

8. OTHER

- 8.1** The committee shall, at least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.