

Audit Committee

Date of Meeting	Monday 15 May 2017
Paper Title	Committee Terms of Reference
Agenda Item	6
Paper Number	AC4-B
Responsible Officer	Penny Davis, Board Secretary
Status	Revised terms of reference for publication further to Board approval
Action	For Consideration

1. Report Purpose

- 1.1** The purpose of the report is to recommend amendments to the Audit Committee Terms of Reference further to the Internal Auditor's review of compliance with the Financial Memorandum.

2. Recommendations

- 2.1.** The Committee is invited to **consider** the suggested amendments and **make recommendations** to the Board for approval on 22 May 2017.

3. Background

- 3.1.** The Internal Auditor completed a review of GCRB's compliance with the Financial Memorandum earlier this month, which identified some areas where the Audit Committees's Terms of Reference should be amended to reflect Financial Memorandum/SPFM requirements.

4. Detail

- 4.1.** The auditor's report recommended that the following items be included in the Terms of Reference.
- a) The Audit Committee will receive a report on GCRB compliance with the Code of Good Governance annually from the GCRB Secretary.
 - b) The Audit Committee will monitor the effectiveness of external audit and report its findings to the Board.
 - c) Audit Committee members shall be non-executive or independent¹.

¹ Full Committee Members must be non-executive members of the Board. The inclusion of "independent" as a separate definition allows for the inclusion of co-opted members who are not non-executive board members but are nonetheless independent of the organisation.

- d) The Audit Committee shall inform the SFC Audit Committee if it considers that it has identified a significant problem which may have wider implications for the FE sector or public sector.

5. Risk Analysis

- 5.1** The recommended changes will help to mitigate the risk of non-compliance with the Financial Memorandum/SPFM.

6. Legal Implications

- 6.1.** There are no further legal implications arising from this paper.

7. Financial Implications

- 7.1.** There are no new financial implications arising from this paper.

8. Regional Outcome Agreement Implications

- 8.1.** This report is not directly relevant to the Regional Outcome Agreement.