

Board of Management

Date of Meeting	Monday 4 September 2017
Paper Title	Amendments to Audit Committee Terms of Reference
Agenda Item	10
Paper Number	BM1-J
Responsible Officer	Penny Davis, Board Secretary
Status	Disclosable
Action	For Decision

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 Board is invited to **consider** and **approve** the recommendation of the Audit Committee to make the proposed amendments.

3. Background

- 3.1.** The Internal Auditor completed a review of GCRB's compliance with the Financial Memorandum in May 2017, 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) 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.

4.2. The Audit Committee agreed at its meeting on 15 May to recommend the proposed changes to the Board.

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. Strategic Implications

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