

## **Audit Committee Terms of Reference**

### **1. Internal Control and Risk Management**

- a) reviewing and advising Court concerning the internal and external auditors' assessments of the effectiveness of the institution's risk identification and mitigation procedures and financial and other internal control systems, including controls specifically to prevent or detect fraud or other irregularities as well as those for securing economy, efficiency and effectiveness;
- b) monitoring and reviewing the effectiveness of the institution's risk management, control and governance arrangements;
- c) reviewing and advising Court on its compliance with corporate governance requirements and good practice guidance.

### **2. Internal Audit**

- a) advising Court on the scope and nature of the internal audit provision;
- b) advising Court on the selection, appointment or re-appointment and remuneration, or removal of the internal audit provider where the service is contracted-out. The responsibility regarding selection of a contracted-out provider may be delegated to an Evaluation Committee;
- c) advising Court on the terms of reference for the internal audit provider;
- d) reviewing and agreeing the scope, efficiency and effectiveness of the work of internal audit, considering the adequacy of the resourcing of internal audit and advising Court on these matters;
- e) advising Court of the Audit Committee's approval of the basis for and the results of the internal audit needs assessment and the strategic and operational planning processes;
- f) approving the criteria for grading recommendations in assignment reports as proposed by the internal audit provider;
- g) reviewing the internal audit provider's monitoring of management action on the implementation of agreed recommendations reported in internal audit assignment reports and internal audit annual reports;
- h) considering salient issues arising from internal audit assignment reports, progress reports, annual reports and management's response thereto and informing Court thereof;
- i) informing Court of the Audit Committee's approval of the internal audit service's annual report;
- j) ensuring establishment of appropriate performance measures and indicators to monitor the effectiveness of the internal audit service;
- k) securing and monitoring appropriate liaison and co-ordination between internal and external audit;
- l) ensuring good communication between the Committee, the University and the person responsible for the internal audit service; and
- m) responding appropriately to notification of fraud or other improprieties received from the person responsible for the internal audit service or other persons.

### **3. External Audit**

- a) advising Court on the selection, appointment, annual re-appointment and remuneration, or removal, of the external auditors and the scope of their work. The responsibility regarding selection may be delegated to an Evaluation Committee;
- b) considering the University's annual financial statements and the external auditor's report prior to recommending to Court for approval. The Committee should consider the external audit opinion, the Statement of Members' Responsibilities and any relevant issue raised in the external auditor's management letter;
- c) reviewing the external auditor's annual Management Letter and monitoring management action on the implementation of the agreed recommendations contained therein;
- d) advising Court of salient issues arising from the external auditor's management letter and any other external audit reports, and of management's response thereto;
- e) reviewing the statement of corporate governance included within the University's Annual Accounts;
- f) establishing appropriate performance measures and indicators to monitor the effectiveness of the external audit provision;
- g) reviewing the external audit strategy and plan;
- h) holding discussions with external auditors and ensuring their attendance at Audit Committee and Court meetings as required;
- i) considering the objectives and scope of any non-statutory audit work undertaken or to be undertaken, by the external auditor's firm and advising Court of any potential conflict of interest;
- j) requiring appropriate liaison and co-ordination between external and internal audit.

### **4. Private Meetings**

- a) having a process in place to allow meetings (or parts thereof) with only the committee members present to discuss any issues or concerns among themselves in order to allow them to understand and constructively challenge management and the auditors better;
- b) having a process in place for holding private meetings with both the internal and external auditors to discuss matters which may not have been addressed as part of the audit;
- c) having a process in place to communicate any issues arising from such meetings to management where necessary.

### **5. Value for Money**

- a) establishing and overseeing a review process for evaluating the effectiveness of the institution's arrangements for securing the economical, efficient and effective management of the institution's resources and the promotion of best practice and protocols and reporting to Court thereon;
- b) advising Court on potential topics for inclusion in a programme of value for money reviews and providing a view on the party most appropriate to undertake individual assignments considering the required expertise and experience; and

- c) advising Court of action that it may wish to consider in the light of national value for money studies in the higher education sector.

#### **6. Advice to the University Court**

- a) producing an annual report for Court;
- b) advising Court of significant, relevant reports from the Council and Audit Scotland and successor bodies and, where appropriate, management's response thereto;
- c) reviewing reported cases of impropriety to establish whether they have been appropriately handled; and
- d) advising Court on Business Continuity and Institutional Risk Appraisal.

#### **7. Communication with Finance & General Purposes Committee**

Communication between the Audit Committee and the Finance and General Purposes Committee is done by an exchange of committee papers and minutes between the Committee Chairs.

#### **8. Monitoring Risk**

To map the committee's terms of reference onto the corporate risk register and to monitor those risks which are encompassed in the committee's sphere of responsibility.

#### **9. Committee Membership**

To keep the committee membership under review in order to maintain consistently the relevant balance of skills, knowledge and experience and to advise the Court Membership Committee accordingly.

#### **10. Committee Objectives**

Inasmuch as benchmark information is available, to benchmark the committee's objectives annually against comparable institutions to ensure that these continue to be fit for purpose and reflect best practice in terms of corporate governance.

#### **Note re Glasgow Caledonian New York College**

It is noted that while the accounts of Glasgow Caledonian New York College form part of the consolidated accounts of Glasgow Caledonian University, this is a separate entity, audit responsibility for which is overseen by the Board of Trustees of Glasgow Caledonian New York College, in accordance with its by-laws and the NY Not-For-Profit Corporation Law.

### **Composition of Committee**

No fewer than four lay members of Court  
One Staff Court Governor

### **In attendance**

The Principal  
The Chief Operating Officer  
Director of Finance  
The University Secretary & Vice Principal Governance  
A representative from the internal auditors and when appropriate, the external auditors

### **Quorum**

A quorum comprises no fewer than three members of the Committee, one of whom must be the Chair or his/her nominee.