# TERMS OF REFERENCE
# AUDIT & ASSURANCE COMMITTEE

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| Approved by: AAC |
| Approved on: 21/05/2024 |
| Review due: 05/2025 |

The Board has established an Audit and Assurance Committee as a Committee of the Board to support it in their responsibilities for issues of risk management, control and governance and associated assurance through a process of scrutiny, review and constructive challenge.

**Membership**
- The members of the committee are Board Members: Stewart MacLeod, Jennifer Gilmour, Rob Dunbar and Donald MacPhee; and co-opted Member Rob MacKinnon.
- The committee will be Chaired by Stewart MacLeod
- Members of the committee will be appointed for a term of 2-years, which can be renewed on a rolling basis. The co-opted Member will be appointed for a term of 1 year.
- The committee will be provided with a secretariat function by the Head of Finance and Corporate Affairs.
- If a member is absent, without reasonable justification, from meetings of the committee for a period of longer than 4 months or for 3 consecutive meetings and has not been given leave by the chair to do so, the committee will advise the Board

**Reporting**
- The committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting will usually form the basis of the report.
- The committee will provide the Board and Accountable Officer 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.

**Responsibilities**
The committee will advise the Board and Accountable Officer on:
- the strategic processes for risk management, control and governance and the governance statement;
- 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;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;
- proposals for tendering for internal audit services
- anti-fraud policies, anti-bribery policies, whistleblowing policy, and arrangements for special investigations.

The Committee shall review and challenge where necessary:

- the consistency of, and any changes to, accounting policies across the organisation;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the organisation has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the internal and external auditors.

The Audit and Assurance Committee will also annually review its own effectiveness and report the results of that review to the Board and Accountable Officer. The Chair of the Committee will consider any review of Membership with the Chair of the Board.

**Rights**

The committee may:

- co-opt additional members to provide specialist skills, knowledge and experience;
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgetary approval by the Board or Accountable Officer

**Access**

The Internal Auditor and the representative of External Audit will have free and confidential access to the Chair of the Committee.

**Meetings**

The procedures for meetings are:

- the committee will meet at least four times a year, broadly every three months. This will normally precede board meetings with sufficient time intervals for papers from the committee to be presented to the following board meeting. The Chair of the Committee may convene additional meetings, as he/she deems necessary;
- a minimum of two members of the committee will be present for the meeting to be deemed quorate;
- committee meetings will normally be attended by the Accountable Officer, the Head of Finance and Corporate Affairs, the Internal Auditor, and a representative of External Audit
- the committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
- the committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;
- the Board or Accountable Officer may ask the committee to convene further meetings to discuss particular issues on which they want the committee's advice.

**Information requirements**

For each meeting the committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register;
- a progress report from the Internal Auditor summarising:
  - work performed (and a comparison with work planned);
  - key issues emerging from Internal Audit work; management response to audit recommendations;
  - significant changes to the audit plan;
  - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.

As and when appropriate, the committee will also be provided with:

- Business update reports from the Accountable Officer;
- the annual Internal Audit Plan detailing Terms of Reference and Strategy
- the Internal Auditor's Annual Opinion and Report;
- quality assurance reports on the Internal Audit function;
- the draft accounts of the organisation;
- the draft governance statement;
- a report on any changes to accounting policies;
- External Audit's management letter/report;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit;
- a report on the anti-fraud and anti-bribery arrangements and performance;
- a Best Value Statement and review;
- reports from other sources within the "three lines of assurance" in Bòrd na Gàidhlig's Assurance Framework