

Audit & Risk Committee – Terms of Reference

Purpose

The purpose of the Audit & Risk Committee is to assist the SDS Board fulfil its corporate governance and overseeing responsibilities in relation to SDS's financial reporting, internal control system, risk management system, internal and external audit functions and compliance with all legal obligations and regulatory requirements (including appropriate follow up action in respect of non-compliance or fraud).

Responsibilities

On behalf of the Skills Development Scotland (SDS) Board, the Audit & Risk Committee will:

- Consider the strategic processes for risk, control and governance and the Statement of Internal Control (including the effectiveness of the internal control environment);
- Instruct and consider and hear external reviews and report into areas identified as specific and material risks;
- Consider 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;
- Review the planned activity and results of both internal and external audit;
- Monitor the adequacy of management response and implementation of approved actions identified by audit activity, including external audit's management letter/report;
- Review the performance of the external auditors and, if necessary, make any appropriate representations to the Auditor General;
- Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed in private;
- Review the performance of the internal auditors;
- Meet separately with the internal auditors to discuss any matters that the Committee or auditors believe should be discussed privately;
- Consider assurances relating to the corporate governance requirements for the organisation;
- Consider anti-fraud policies, whistle-blowing processes and arrangements for special investigations;
- Consider and advise the Board on the adequacy of the arrangements for the management of SDS's compliance with legislation;
- Periodically consider the need to tender the internal audit service and be responsible for the tendering process;
- Review the arrangements for disaster recovery and cyber security;
- Review the arrangements for organisation resilience including business continuity and incident management.
- Review regular equality and diversity updates to ensure oversight on outcomes of the strategy.

Membership/Composition

The Audit & Risk Committee will comprise up to a minimum of four SDS Board members (including co-opted members).

The following individuals may attend scheduled meetings:

Chief Executive

Senior Director, Development and Delivery

Senior Director, Enabling Services

Director of Finance, Information Governance, Resilience and Risk

Risk and Internal Audit Manager

Representatives of Audit Scotland, external auditors and SDS's shared internal audit service will also generally attend scheduled meetings.

Other individuals may attend meetings by invitation.

The Audit & Risk Committee will be provided with a secretariat function by the Board and Committee Team.

Quorum

The quorum for meetings shall be two or more Board members (including co-opted members) being present at meetings.

Meetings

There will be a minimum of four separate meetings during each financial year. Meetings will normally be held in the SDS Offices, Monteith House, George Square, Glasgow or, when appropriate, at another location or via online conference call.

The SDS Board or the Executive may ask the Audit & Risk Committee to convene further special meetings to discuss particular issues on which they require the Committee's advice.

Each meeting will be minuted. Minutes will be produced and submitted to the following SDS Board meeting.

Reporting

The Audit & Risk Committee reports its activities and findings to the SDS Board. Minutes and an update from the Chair of the Audit & Risk Committee will be provided at the following SDS Board meeting after each Committee meeting.

Review

The forward plan for each financial year details items to be considered over the full annual cycle. This forward plan will be kept under regular review by the Audit & Risk Committee, and amended as necessary, taking account of business also being considered through other Committees. Where matters arise in the work of the Audit & Risk Committee that are felt appropriate for raising with the SDS Board or that merit further Committee review, these will be included within the forward plan.

The Audit & Risk Committee will on an annual basis prepare an Annual Report - (i) business review summarising the activities during the period; (ii) self-assessment of the Board's own performance/effectiveness and (iii) review of the Committee's Terms of Reference to ensure and affirm they are fit for purpose.

Skills Development Scotland September 2023

Next Review Date November 2024