

## **AUDIT COMMITTEE – Terms of Reference and Membership**

### **University of the Highlands and Islands**

#### **Audit Committee – Terms of Reference and Membership**

##### **1. Constitution**

The Court has established a committee of the governing body known as the audit committee.

The chair of the governing body should not be a member of the committee. Plus, no member of management should be permitted to become a member of the Audit Committee. The Chair and at least one member should have knowledge and experience in finance, accounting and auditing and have relevant experience. The committee may if it considers it necessary or desirable, co-opt members with particular expertise.

##### **2. Terms of Office**

Members who are members of the Court shall have periods of office co-terminus with their appointment to the Court; members who are not members of the Court shall be appointed for a period of three years and shall be eligible for re-appointment for two further periods of three years and thereafter shall not be eligible for reappointment. The Chair shall be appointed for a period of three years with possibility of reappointment for a further period of three years. No person can serve as Chair for more than six years. The Chair of the Audit Committee should have a clearly identified Deputy Chair capable of standing in for the Chair.

##### **3. Authority**

The committee is authorised by the Court to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the committee.

##### **4. Proceedings**

Meetings shall normally be held four times each financial year. The external auditors or head of internal audit may request a meeting if they consider it necessary. The head of finance (or equivalent), the head of internal audit and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the committee should meet with the external and internal auditors without any officers present.

##### **5. Terms of Reference**

The duties of the committee shall be to:

- a). advise the Court on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of resignation or dismissal of the external auditors
- b). discuss with the external auditors, before the audit begins, the nature and scope of the audit
- c). discuss with the external auditors' problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary)
- d). consider and advise the Court on the appointment and terms of engagement of the internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors, and any questions of resignation or dismissal of the internal auditors
- e). review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management's response; and promote co-ordination

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between the internal and external auditors. The committee will seek to ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the Court as appropriate)

- f). keep under review the effectiveness of the risk management, control and governance arrangements, and in particular review the external auditors' management letter, the internal auditors' annual report, and management responses
- g). monitor the implementation of agreed audit-based recommendations, from whatever source
- h). ensure that all material losses have been properly investigated and that the internal and external auditors, and where appropriate the funding council's accounting officer, have been informed
- i). oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy
- j). satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness

### 6.Quorum

The quorum for all meetings of the committee shall be one third of its membership.

### 7.Reporting

The minutes (or a report) of meetings of the audit committee will be circulated to all members of the Court.

The committee will prepare an annual report covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the governing body and head of institution and will summarise the activity for the year. It will give the committee's opinion of the adequacy and effectiveness of the institution's arrangements for the following:

- Risk management, control, and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts)
- economy, efficiency, and effectiveness (value for money).

This opinion should be based on the information presented to the committee. The audit committee annual report should normally be submitted to the Court before the members' responsibility statement in the annual financial statements is signed.

The secretary to the audit committee will be the Secretary to the governing body (or another appropriate independent individual).

Last updated:	25 July 2023
Last Reviewed and agreed by the Committee:	25/09/2023
Approved by Court:	

## AUDIT COMMITTEE – Terms of Reference and Membership

### Membership

Chair	Allan Clow
<b>Members</b>	
Independent Court Member	Liz Stewart
Independent Court Member	Andrea Robertson
Independent Court Member	Malcolm Burr
Independent Court Member	Helen MacInnes
<b>In attendance</b>	
Principal and Vice-Chancellor	Vicki Nairn
Chief Operating Officer & University Secretary	Lorna Walker
Deputy University Secretary	Roger Sendall
Chief Financial Officer	Mike Baxter
Internal Auditor (Henderson Loggie)	Stuart Inglis
Internal Auditor (Henderson Loggie)	David Archibald
External Auditor (Armstrong Watson)	Martin Johnston
External Auditor (Armstrong Watson)	Callum Wilson