

## Audit Committee Terms of Reference

Date first approved	23 <sup>rd</sup> September 2020
Review Officer	
First review date	May 2022
Date review approved by BOM	May 2022
Next review date	October 2022
<u>Updated in 2023 Review Dates</u>	<u>March 2023, June 2023</u>
<u>Updated at Committee</u>	<u>May 2023</u>
2024 Review Date	

### Constitution

The Board of Management has established a committee known as the Audit Committee. The quorum for all meetings of the committee shall be three board members.

The Committee may be attended, at the invitation of the Chair by members of Shetland UHI's academic and support staff or by external advisers. The purpose of such an invitation will be to provide specialist information and advice to assist the Committee in its deliberations. Individuals attending on this basis may not vote on any decision made by the Committee.

A representative from external auditors shall attend meetings where business relevant to them is to be discussed. At least once a year, the committee should meet with the external auditors without any officers present.

### Membership

Not less than five Board Members. At least one member of the Committee should have recent and relevant experience in finance, accounting or auditing.

Board members not eligible for appointment are the Chair of the Board, the Principal, members elected by the teaching and non-teaching staff of Shetland UHI and the persons appointed by the Students' Association.

No member of the Finance and General Purposes Committee shall also be a member of the Audit Committee. The Committee may if it considers it necessary or desirable, co-opt members to the Committee with particular expertise, who are not board members limited to two two-year terms. The committee may ask other staff members of the organisation, not listed below, to attend to assist with its discussions on any particular matter.

Membership of the Committee should satisfy the requirements of the SFC Code of Audit Practice, and / or other appropriate guidance, as may be directed by the Board of Management.

Chair	<i>Lauren Doughton</i>
Board members	<i>Claire Christey – Independent Director Mason Robbins – Independent Director Valerie Nicolson – Independent Director</i>
Staff in Attendance	<i>Board Secretary – Matt Sierocinski King Internal Auditor – BDO Corporate / Operations - TBC External Auditor Representative (as required / at least once a year) – Wylie and Bissett <del>Head of Finance – Shelly McInnes</del></i>

	<i>Head of UHI Internal Audit – Jason Thurlbeck</i>
<i>Management Team Member</i>	<i>Head of Finance – Shelly McInnes</i>

### Frequency of Meetings

The Committee shall meet no less than four times each year.

### Remit

The Committee's remit is to review and monitor the following aspects of Shetland UHI's operations, and to advise the Board of Management appropriately on:

1. The comprehensiveness, reliability and integrity of assurance of the governance and management of Shetland UHI.
2. The comprehensiveness, reliability and integrity of assurance of the risk management and business continuity of Shetland UHI
3. The comprehensiveness, reliability and integrity of Shetland UHI's financial management and other internal control and management systems
4. The effectiveness of arrangements for safeguarding the assets of Shetland UHI and the public funds at its disposal
5. The economy, efficiency and effectiveness of Shetland UHI's activities, including value for money
6. The effectiveness of the corporate governance and conduct of Shetland UHI operations
7. All aspects of the provision of an effective Internal audit service
8. All aspects of the provision of an effective External audit service
9. The effective provision of Health and Safety arrangements to meet all legislative requirements
10. Public interest disclosure (whistle-blowing) arrangements
11. Data Protection and Freedom of Information arrangements.
12. Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations

Specifically, the Audit Committee shall:

1. Receive updates to and review the contents of the risk register maintained by Shetland UHI, and specifically receiving each meeting a report summarising any significant changes to Shetland UHI's risk register.
2. Review the reports submitted by Shetland UHI's Internal Auditors and receive progress reports from Shetland UHI Management on the Internal Audit recommendations
3. Jointly with the Board's Finance and General Purposes Committee review the annual report of Shetland UHI's external auditors and the associated Shetland UHI financial statements on which that report is based
4. Prepare an annual report for the Board of Management timed to support the finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.
5. Sit privately without any non-members present for all or part of the meeting if it so decides. The Committee will meet privately with the internal and external auditors at least annually
6. The Audit Committee shall conduct its business in accordance with the requirements of any guidance and/ or codes of practice issued from time to time by the SFC and/ or any other relevant statutory or regulatory authority, as directed by the Board of Management.
7. Provide the Board of Management at each meeting with a verbal report supported by a copy of the minutes of its previous meeting
8. Retain the right to procure specialist ad-hoc advice at the expense of Shetland UHI, subject to budgets agreed by the Board of Management.

9. Grant the right to Internal Auditors and a representative of External Auditors to confidential access to the Chair of Audit Committee.
10. Receive each meeting:
  - 10.1. a progress report from the Head of Internal Audit summarising:
    - 10.1.1. work performed (and a comparison with work planned);
    - 10.1.2. key issues emerging from Internal Audit work;
    - 10.1.3. management response to audit recommendations;
    - 10.1.4. significant changes to the audit plan;
    - 10.1.5. any resourcing issues affecting the delivery of Internal Audit objectives;
  - 10.2. a progress report from the External Audit representative summarising work done and emerging findings."
11. As and when appropriate the Committee will also be provided with:
  - 11.1. proposals for the Terms of Reference of Internal Audit;
  - 11.2. the Internal Audit Strategy;
  - 11.3. the Head of Internal Audit's Annual Opinion and Report;
  - 11.4. quality assurance reports on the Internal Audit function;
  - 11.5. the draft accounts of the organisation;
  - 11.6. the draft governance statement;
  - 11.7. a report on any changes to accounting policies;
  - 11.8. External Audit's management letter/report;
  - 11.9. a report on any proposals to tender for audit functions;
  - 11.10. a report on co-operation between Internal and External Audit.