

Terms of reference of the Audit and Risk Committee

GPHC0003 Version 2

This policy sets out the remit and function of the GPhC Audit and Risk Committee.



Policy details

Policy reference	GPHC0003
Version	2
Policy author	Laura McClintock, Chief of Staff
Approved for issue by	Council, 13 June 2019
Effective from	13 June 2019
Next review	01 June 2020

Version control tracker

Version	Approved date	Description of change	Amendments by
1	7 June 2018	Updated references and minor staff member updates.	Helen Dalrymple, Council Secretary
2	13 June 2019	Added - 4.8 - The committee shall ensure that all policies and work within the Committee's remit take account of and promote the GPhC's culture and values, and commitment to equality, diversity and inclusion.	Laura McClintock, Chief of Staff

Contents

1. Constitution	4
2. Accountability and reporting.....	4
3. Membership	4
4. Remit	4
5. Quorum	6
6. Attendance	6
7. Access	7
8. Authority	7
9. Secretariat	7
10. Dealing with concerns	7
11. Frequency of meetings	7

2. Constitution

- 2.1 The Council has established the Audit and Risk Committee to support the Council by reviewing the comprehensiveness and reliability of assurances and internal controls in meeting the Council's oversight responsibilities. The committee is a non-executive committee and has no executive powers except as set out in these terms of reference.
- 2.2 Under the Council's scheme of delegation, the committee has delegated authority to:
- Monitor the Council's risk management arrangements
 - Approve the internal audit programme
 - Advise the Council on the comprehensiveness and reliability of assurances and internal controls, including internal and external audit arrangements, and on the implications of assurances provided in respect of risk and control.
- 2.3 The committee may request the attendance of any employee or member, as set out in section 6 of these terms of reference, and may incur expenditure for the purpose of obtaining advice in terms of section 8 below.

3. Accountability and reporting

- 3.1 The committee is accountable to the Council. The minutes of each Audit and Risk Committee meeting shall be circulated to the Council. The committee shall report to the Council annually on its work.
- 3.2 The committee may also submit separately to the Council its advice on issues where it considers that the Council should take action. Where the committee considers there is evidence of ultra vires transactions or evidence of improper acts, the chair of the committee should raise the matter at a formal Council meeting.

4. Membership

- 4.1 The committee, including its chair, is appointed through arrangements agreed by the Council. The committee shall have five members, but may operate with fewer while a vacancy exists, provided the quorum is maintained. The committee members shall include Council members, excluding the GPhC chair and including at least one lay member and one registrant member, and may include up to two external members with appropriate audit and risk management experience.
- 4.2 The Council will appoint one of the Council members serving on the committee as chair, based on relevant background and skills. In the absence of the chair, the committee shall elect another of its members to chair the meeting.

5. Remit

- 5.1 The duties of the committee are as follows:

Governance, risk management and internal control

The Council is the governing body of the GPhC and determines the governance policy and framework for the organisation. The committee supports the Council by reviewing and advising the Council on the operation and effectiveness of the arrangements which are in place across the

whole of the Council's activities that support the achievement of the Council's objectives. In particular, the committee will review the adequacy of:

- all risk and control related disclosure statements, together with any accompanying internal audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Council
- The underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements
- The policies for ensuring compliance with relevant regulatory, legal, governance and code of conduct requirements
- The policies and procedures for all work related to fraud and corruption

5.2 In carrying out this work the committee will primarily utilise the work of internal audit, external audit and other assurance functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of governance, risk management and internal control together with indicators of their effectiveness.

5.3 In reviewing risk management arrangements, the committee should draw attention to areas where:

- risk is being appropriately managed, and controls are adequate (no action needed)
- risk is inadequately controlled (action needed to improve control)
- risk is over-controlled (resource being wasted which could be diverted to another use)
- there is a lack of evidence to support a conclusion (if this concerns areas which are material to the organisation's functions, more audit and/or assurance work will be required)

5.4 Internal audit

The committee shall:

- ensure that there is an effective internal audit function that complies with any applicable standards and provides appropriate independent assurance to the Council, Audit and Risk committee, and chief executive and registrar
- consider the appointment of the internal auditors, the cost of the service and any questions of resignation or dismissal and make appropriate recommendations to the Council;
- ensure that the associate director of finance makes adequate resource available to the internal audit function
- approve the internal audit strategy, operational plan and work programme proposed by the associate director of finance and procurement
- consider the major findings of internal audit work, and management's response
- ensure co-ordination between the internal and external auditors
- annually review the effectiveness of internal audit

5.5 External audit

The committee shall:

- consider the appointment and performance of the external auditor, the audit fee and any questions of resignation or dismissal and make appropriate recommendations to the Council
- discuss and agree with the external auditor, before the audit commences, the nature and scope of the audit as set out in the external audit plan and their local evaluation of audit risks
- review the work and findings of the external auditor, consider the implications and management's responses to their work
- review all external audit reports, including agreement of the annual audit letter before submission to the Council and any work undertaken outside the annual audit plan, together with the appropriateness of management responses

5.6 Financial reporting

The committee shall:

- review the statutory annual report and financial statements before submission to the Council, focusing particularly on:
 - the annual review of governance arrangements and other disclosures relevant to the terms of reference of the committee
 - changes in, and compliance with, accounting policies and practices
 - unadjusted mis-statements in the financial statements
 - major judgmental areas
 - significant adjustments resulting from the audit
 - ensure that the systems for financial reporting to the Council, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Council

5.7 The committee may approve the purchase of non-audit services from the statutory external auditors or the outsourced internal auditors. If time does not permit referral of this to the committee, approval may be given by the chair and reported to the committee at its next meeting.

5.8 The committee shall ensure that all policies and work within the committee's remit take account of and promote the GPhC's culture and values, and commitment to equality, diversity and inclusion.

6. Quorum

6.1 A quorum shall be three members of the committee.

7. Attendance

7.1 Only committee members shall be entitled to attend meetings of the committee. The chief executive and registrar, associate director of finance and procurement, and representatives from the internal auditors shall normally attend meetings. Representatives from the external auditors

Terms of reference of the Audit and Risk Committee

GPHC0003 Version 2

shall attend meetings as required for relevant items. The Council chair and other Council members may attend meetings at the invitation of, or with the agreement of, the chair of the committee.

- 7.2 The committee may request any employee or member to attend a meeting to assist with its discussions on any particular matter or to provide any information it may reasonably require in order to fulfil its remit. All employees and members are directed to co-operate with any reasonable request made by the committee.
- 7.3 The committee may ask any or all non-members to withdraw for all or part of a meeting if it so decides. In such an instance, the chair shall ensure that a proper record is made of the meeting.

8. Access

- 8.1 The senior representatives of internal audit and external audit shall have free and confidential access to the chair of the committee. At least once a year, the committee should provide an opportunity to meet privately with the external and internal auditors.

9. Authority

- 9.1 The committee is authorised by the Council 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.
- 9.2 The committee may obtain legal or other independent professional advice and secure the attendance of external advisers with relevant experience and expertise if it considers this necessary, within the budget approved by the Council.

10. Secretariat

- 10.1 The chief executive and registrar shall ensure that appropriate secretariat support is provided to the chair and to the committee.

11. Dealing with concerns

- 11.1 Processes have been agreed by Council for raising concerns (raising concerns policy ref: GPHC0022).
- 11.2 Within these processes, the chair of the Audit and Risk Committee is identified as a point of contact for individuals who still have concerns having followed the policy or where they feel the matter is so serious that it cannot be discussed with a member of senior management.
- 11.3 Further information on how matters are handled is detailed within the raising concerns policy.
- 11.4 The chair of the Audit and Risk Committee will receive appropriate training in this area.

12. Frequency of meetings

- 12.1 The committee shall meet not less than three times a year. The external or internal auditors may request a meeting if they consider that one is necessary.

