

Appendix 4 to the Resolution

Terms of Reference: **Audit and Risk Committee**

Key purpose

A1. To provide assurance to the Council by carrying out the following functions on its behalf:

1. Scrutinising the organisation's Annual Report and Accounts.
2. Scrutinising the risk management systems and internal control framework of the organisation.
3. Scrutinising the assurances provided by the internal and external audit functions.
4. Scrutinising the arrangements in place in the organisation for raising concerns in relation to fraud, whistleblowing and special investigations.

Composition and Quorum

A2. The Committee shall consist of a Chair and at least two members of the Council (of whom at least one must be a registrant member of the Council and at least one must be a lay member of the Council). Additionally, the Committee will have an external member, who must be appointed in line with the requirements of the GDC Standing Orders.¹ The Chair of the Council shall not be a member of the Committee and may only attend at the invitation of the Committee Chair.

A3. The quorum of the Committee shall be two Council members.²

Delegated Powers

- A4. Investigate any activity within its terms of reference. Any investigation will normally be initiated in consultation with the Chief Executive and Registrar.
- A5. Seek any information it may require from any member, employee or office-holder. All members, employees or office-holders are directed to co-operate with the Committee.
- A6. Obtain external legal or other professional advice and to secure the attendance at committee meetings of anyone it considers has relevant experience, expertise or knowledge.
- A7. Review the statements in the annual report and accounts relating to internal control and risk management (the Governance Statement).
- A8. Appoint and remove the internal auditors and approve their fee and terms of engagement and the internal audit strategy and plan.
- A9. Approve the fee and terms of engagement of the external auditor and the external audit strategy and plan.

¹ GDC Standing Orders and Resolution regarding the Non-Statutory Committees of the Council 2018, r3.2.

² GDC Standing Orders and Resolution regarding the Non-Statutory Committees of the Council 2018, r.5.1

Functions and Duties

Financial reporting

- A10. Scrutinise the Annual Report and Accounts for the organisation and advise the Council in relation to its decision making. The Committee will pay particular attention to the following areas:
- a. The Governance Statement
 - b. changes in, and compliance with, accounting policies and practices
 - c. unadjusted misstatements in the financial statements
 - d. major judgemental areas
 - e. significant adjustments resulting from the audit
 - f. the letter of representation from the external auditor and
 - g. the letters of representation to the external auditors from the EMT.
- A11. Scrutinise and provide assurance to the Council that the internal systems for financial reporting to the Council, including those of budgetary control, meet the requirements of the of the National Audit Office and appropriately adhere to the Government Financial Reporting Manual (IFREM).

Governance, Risk Management and Internal Control

- A12. Review the delegated authorities and governance structure periodically, or at least every two years, and report to the Council on whether they are adequate and make any recommendations to the Council.
- A13. Scrutinise the integrity of the organisation's internal controls, with reference to internal audit reports, and oversee the compliance of the organisation with relevant legislation, reporting to the Council where appropriate.
- A14. Assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor significant risks.
- A15. Review the comprehensiveness, reliability and integrity of the assurances provided in relation to internal control and risk management.
- A16. Scrutinise and report on the level of assurance to the Council on the adequacy and effectiveness of the risk management processes. This involves reviewing the Strategic Risk Register, obtaining assurance on risk management arrangements from internal auditors, and reviewing the status and trends of all risk in the strategic risk register.

Internal Audit

- A17. Review the internal audit programme and ensure that the function is adequately resourced and has appropriate standing within the organisation [see above delegated authority A6].
- A18. Consider and monitor management's responses to any major internal audit recommendations.
- A19. Meet with the internal auditors at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried

out.³ The internal auditors should be given the right of direct access to the Chair of the Council and the Committee.

- A20. Monitor and review the effectiveness and quality of the internal audit function to ensure it provides appropriate independent assurance to the Council and value for money.

External Audit

- A21. Scrutinise the process and proposals in relation to the appointment, reappointment and removal of the external auditors and make appropriate recommendations to the Council in relation to its decision making in this area.
- A22. Review the findings of the audit with the external auditor considering any material issues which arose during the audit, any accounting and audit judgements and levels of errors identified during the audit.
- A23. Meet with the external auditors at least once year, without the management being present, to discuss their remit and any issues arising from the audit.⁴
- A24. Monitor and review the effectiveness and quality of the audit, assessing annually their independence and the relationship with the auditor as a whole, including the provision of any non-audit services, and value for money.

Whistleblowing, fraud and investigations:

- A25. Scrutinise and report on the level of assurance to the Council in relation to arrangements in place for raising concerns with or about the organisation on topics such as fraud and whistleblowing.
- A26. Scrutinise and provide assurance to the Council in relation to arrangements in place for external parties to raise concerns with or about the organisation on topics such as whistleblowing, including in relation to the GDC's role as a prescribed person.
- A27. Review the anti-fraud and bribery policies and arrangements for special investigations.

³ The Chair shall decide whether the Secretariat members should withdraw also; if so, the Chair should ensure that an adequate note of proceedings is kept to support the Committee's conclusion, rationale and actions. In order for completeness of records the note should be deposited with the Secretariat.

⁴ Same process to be followed as in the footnote above.