

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

1. The Audit and Risk Committee shall 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 below.
2. The Committee has delegated authority to:
  - a. Monitor the Council's risk management arrangements;
  - b. Approve the internal audit programme; and,
  - c. 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.
3. The Committee may request the attendance of any employee or member, as set out in paragraph 17 below, and may incur expenditure for the purpose of obtaining advice in terms of paragraph 21 below.
4. The Committee is accountable to the Council. The minutes of each Committee meeting shall be circulated to the Council. The Committee shall report to the Council annually on its work. It 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 shall raise the matter at a formal Council meeting.
5. The Committee shall have five members, but may operate with fewer while a vacancy exists, provided the quorum is maintained. The members shall include two Council members, of whom one shall be a lay member and one a registrant member. Neither the President, Vice-Presidents, nor the Treasurer shall be members of the Committee. The members of the Committee who are not Council members (the "external members") shall have appropriate audit and risk management experience.
6. The Council will elect one of the external members serving on the Committee as Chair, based on relevant background and skills. The Committee will elect a Vice-Chair and in the absence of the Chair, the Vice-Chair will chair the meeting.
7. The Committee shall support 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 shall review the adequacy of:

- a. All risk and control related disclosure statements, together with any accompanying internal audit statement, where appropriate, external audit opinion or other appropriate independent assurances, prior to endorsement by the Council;
  - b. 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;
  - c. The policies for ensuring compliance with relevant regulatory, legal, governance and code of conduct requirements; and
  - d. The policies and procedures for all work related to fraud and corruption.
8. In carrying out this work the Committee will primarily utilise the work of internal audit, where appropriate, external audit and other assurance functions. It will also seek reports and assurances from Department Managers as appropriate, concentrating on the over-arching systems of governance, risk management and internal control together with indicators of their effectiveness.
9. In reviewing risk management arrangements, the Committee shall draw attention to areas where:
- a. Risk is being appropriately managed and controls are adequate (no action needed);
  - b. Risk is inadequately controlled (action needed to improve control);
  - c. Risk is over-controlled (resource being wasted which could be diverted to another use); and,
  - d. 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).
10. In relation to internal audit, where appropriate, the Committee shall:
- a. Ensure that there is effective internal audit activity that complies with any applicable standards and provides appropriate independent assurance to the Council, Audit and Risk Committee, Secretary and Registrar;
  - b. The internal audit activity will include reviews into RCVS internal processes, policies and procedures. These reviews will be based on identified high risk areas from the Corporate Risk Register and assurance map;
  - c. Ensure that the College makes adequate resource available to internal audit activity, where required;
  - d. Review the need for an internal audit strategy, operational plan and work programme;

- e. Consider the major findings of the internal audit/review work, where carried out, and management's response; and,
  - f. Annually review the effectiveness of internal audit.
11. In relation to external audit, the Committee shall:
- a. 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;
  - b. 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;
  - c. Review the work and findings of the external auditor, consider the implications and management's responses to their work; and,
  - d. 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.
12. The Committee shall review the annual financial statements, focusing particularly on:
- a. Disclosures relevant to the terms of reference of the Committee;
  - b. Changes in, and compliance with, accounting policies and practices;
  - c. Unadjusted mis-statements in the financial statements;
  - d. Major judgmental areas; and,
  - e. Significant adjustments resulting from the audit.
13. The Committee shall 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.
14. The Committee shall meet not less than three times a year. The external auditors may request a meeting if they consider that one is necessary.
15. Only Committee members shall be entitled to attend meetings of the Committee. The Treasurer, CEO, Secretary and/or Registrar, and Director of Operations shall normally attend meetings. Representatives from the external auditors shall attend meetings as required for relevant items. The President and other Council members may attend meetings at the invitation of, or with the agreement of, the Chair of the Committee.

16. 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 shall co-operate with any reasonable request made by the Committee.
17. 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.
18. The senior representatives of external audit shall have free and confidential access to the Chair of the Committee. At least once a year, the Committee shall provide an opportunity to meet privately with the external auditors. College staff will not be present during these confidential meetings.
19. The Committee may investigate any activity within its terms of reference. It may seek any information it requires from any employee and all employees shall co-operate with any request made by the Committee.
20. 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. The CEO and/or Registrar shall ensure that appropriate secretariat support is provided to the Chair and Committee.

#### Remit relating to accreditation functions of the College

21. The Committee will receive assurances that the quality assurance work undertaken by the College in relation to the accreditation of veterinary degree programmes and veterinary nursing educational institutions is operating in accordance with its published procedures. This process of assurance is also designed to contribute to compliance with the requirements for membership with the European Association for Quality Assurance in Higher Education (ENQA) that 'Agencies should have in place processes for internal quality assurance related to defining, assuring and enhancing the quality and integrity of their activities'. This will be achieved by:
  - a. At the beginning of each calendar year, the Committee will be provided with a work plan, detailing the accreditation visitations that are scheduled for the forthcoming year;
  - b. Brief progress reports against this work plan will be provided as a standing item at each meeting of the Committee. These reports will also highlight any major concerns or issues that had arisen as a result of quality assurance activities conducted in the period covered by the report;
  - c. An annual report will be produced at the end of each calendar year. This will be presented to the Committee together with the work plan for the next calendar year. The annual report would be expected to include:
    - Confirmation that quality assurance activities have been completed in line with the work plan, or reasons for any variation;
    - Actions that have been taken or that are planned as a result of discussion by committees;

- Actions that have been taken or that are planned as a result of feedback from stakeholders (visitors/universities); and,
  - Trends and themes identified in information presented year on year.
22. Findings of the Committee arising from assurances received on the quality assurance activities of the College in relation to veterinary degree programmes and veterinary nursing educational institutions shall also be circulated to the Primary Qualifications Subcommittee (PQSC), Education Committee and the Veterinary Nurses Education Committee.
23. The Committee may choose to invite attendance from representatives of Education Committee and VN Education Committee for the purpose of receiving assurances on quality assurance activities undertaken by those Committees.
24. Where an appointed member of the Audit and Risk Committee is also involved with the education quality assurance activities of the RCVS, they shall not be permitted voting rights on any issues discussed however they may remain present at the meeting for points of clarification.