

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

### **Key purpose**

- A1. To monitor the integrity of the financial statements, to review the General Dental Council's (GDC) governance, internal control and risk management systems and the comprehensiveness, reliability and integrity of the assurances provided and review the internal and external audit services.

### **Delegated Powers**

- A2. Investigate any activity within its terms of reference. Any investigation will normally be initiated in consultation with the Chief Executive and Registrar.
- A3. 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.
- A4. 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.
- A5. Review the statements in the annual report and accounts relating to internal control and risk management (the Governance Statement).
- A6. Appoint and remove the internal auditors and approve their fee and terms of engagement and the internal audit strategy and plan.
- A7. Approve the fee and terms of engagement of the external auditor and the external audit strategy and plan.

### **Functions and Duties**

#### *Financial reporting*

- A8. Review the Annual Report and Financial Statements before submission to the Council for approval, focusing particularly on the wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee including:
- i. changes in, and compliance with, accounting policies and practices;
  - ii. unadjusted mis-statements in the financial statements;
  - iii. major judgemental areas;
  - iv. significant adjustments resulting from the audit;
  - v. external audit's management letter; and
  - vi. management's letter of representation to the external auditors.
- A9. 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.

### *Governance, Risk Management and Internal Control*

- A10. Review the delegated authorities and governance structure annually, report to the Council on whether they are adequate and make any recommendations to the Council.
- A11. Monitor the integrity of the system of internal controls. In particular, to review management's and the internal auditors' reports on the effectiveness of the system of internal control, including Health and Safety and compliance with the Dentists Act.
- A12. Assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor significant risks.
- A13. Review the comprehensiveness, reliability and integrity of the assurances provided in relation to governance, internal control and risk management.
- A14. At the request of the Council, advise it on matters of corporate governance (but without prejudice to the Committee's power to make recommendations to the Council on corporate governance issues arising from the work of the auditors).
- A15. Provide 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*

- A16. 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].
- A17. Consider and monitor management's responses to any major internal audit recommendations.
- A18. 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.<sup>1</sup> The internal auditors should be given the right of direct access to the Chair of the Council and the Committee.
- A19. 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*

- A20. Consider and make recommendations to the Council on the appointment, reappointment and removal of the external auditors [see above delegated authority A7].
- A21. 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.
- A22. 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.<sup>2</sup>
- A23. 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.

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<sup>1</sup> 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.

<sup>2</sup> Same process to be followed as in the footnote above.

*Whistle-blowing, fraud and investigations:*

- A24. Review the GDC's arrangements for employees, Council Members and associates to raise concerns about possible wrongdoing in financial reporting or other matters and ensure that they allow proportionate and independent investigation.
- A25. Review the GDC's arrangements for external parties to raise concerns about another individual or organisation with the GDC in its role as a Prescribed Person and ensure that they are appropriately dealt with.
- A.26 Review the anti-fraud and bribery policies and arrangements for special investigations

*Review of effectiveness*

- A27. Periodically review its own effectiveness and report the results of that review to the Council.