

# Terms of Reference - Audit Committee

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## 1 Composition

- 1.1 Up to five (and no less than 3) members, of whom the majority must be members of the Corporation. Non-members may be co-opted if considered desirable within the above constraints.

## 2 Membership

- 2.1 Membership of the Committee must include at least one person (whether of the Corporation or not) with relevant financial or audit experience.
- 2.2 Membership of the Committee must include individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively. Collectively, members of the committee should have recent, relevant experience in risk management, finance and assurance.
- 2.3 Co-opted members are not permitted to be appointed as Chair of the Committee, but in all other respects are afforded equivalent status to full members of the Corporation.
- 2.4 The Director of Finance and Funding will normally be in attendance but may be required to withdraw at the request of the Committee.
- 2.5 The Principal (currently the CE and Acting Principal) will normally be in attendance.
- 2.6 The Chair of the Board, the Principal, other senior post holders, members of the Business Services Committee, the staff governor and the College's professional advisers shall not be members. The Corporation, in appointing members, will maintain the committee's independence and objectivity.
- 2.7 The Chair of the Committee will be elected by the members of the Committee in the circumstance of the appointment of Chair not being made by the Corporation.
- 2.8 In the event of the Chair of the Committee being unable to attend, a Chair for the meeting will be appointed from amongst the members present.

## 3 Terms of Reference

- 3.1 To advise the Corporation on:

3.1.1 the adequacy and effectiveness of the College's audit arrangements, college corporation assurance arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.

3.1.2 the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and establish that all such assurance providers adhere to relevant professional standards

3.1.3 any additional services provided by the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and explain how independence and objectivity are safeguarded

3.1.4 review and consider the reports of external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable), and monitor the implementation of recommendations to agreed timescales

3.1.5 the audit needs assessment and strategic and annual internal audit plans for the internal audit service.

3.1.6 the outcomes of any reviews undertaken by third parties – including the Education and Skills Funding Agency (ESFA) accountability reviews – and, where appropriate, Management's response to these.

3.1.7 relevant reports by the NAO, any funding body and other external bodies and where appropriate, Management's response to these.

- 3.2 To ensure co-ordination between the internal audit service and the external auditor.
- 3.3 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the external auditor's management letter.
- 3.4 To maintain and keep under continuous review a Risk Register showing the strategic risks to which the College is exposed and the arrangements to mitigate or manage those risks and to satisfy itself as to the adequacy of those arrangements.
- 3.5 To review the College's Financial Regulations from the perspective of internal control.
- 3.6 To establish, in conjunction with the Executive, relevant performance measures and indicators and to monitor the effectiveness of the internal audit service and external auditor through these measures and indicators.
- 3.7 To produce an annual report for the Corporation and the Principal (as accounting officer) to be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the annual accounts is signed. The annual report must include:  
A summary of the Committee's activities and the work undertaken by the committee relating to the financial year under review any significant issues arising up to the date of the preparation of the report and any significant matters of internal control included in the management letters and reports from auditors and other assurance providers;  
The Committee's view of its own effectiveness and how it has fulfilled its terms of reference; The Committee's opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, its framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.
- 3.8 To maintain and periodically review the College's policies on fraud, irregularity, impropriety and whistleblowing and ensure:
- The proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity
  - that investigation outcomes are reported to the Audit Committee
  - that internal and external auditors are informed, and that appropriate follow-up action is taken
  - that all significant cases of fraud, or suspected fraud, irregularity and impropriety are reported to the ESFA
  - risks around fraud have been identified and controls put in place to mitigate them
  - that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to the ESFA, and other relevant funding authority, as soon as possible
  - risks around fraud have been identified and controls put in place to mitigate them
- 3.9 To receive, but not be limited to, the following standing annual reports: Sources of assurance available to the Committee:
- Fraud
  - Whistleblowing

- Data Protection and Freedom of Information
- Hospitality register

3.10 To be informed of all additional services undertaken by the financial statements auditors, regularity auditors, internal auditors and other audit and assurance providers and an explanation of how independence and objectivity were safeguarded.

3.11 Any other duties as identified in the Audit Code of Practice

3.12 In order to exercise its role the audit committee has the power to:

- Investigate any other matter that appears to the Committee to fall within these terms of reference. Access all the information and explanations it considers necessary, from whatever source to fulfil its remit. This may include seeking information from auditors and other assurance providers, governors, college staff, students, contractors and/ or third parties.
- Obtain external professional advice.

3.13 The Committee will not adopt an executive role.

## 4 Quorum

3 members

## 5 Appointment of Auditors

The audit committee will consider the re-appointment of incumbent auditors on an annual basis.

External audit services will be re-tendered a minimum of every five years, or earlier at the discretion of the audit committee.

## 6 Meetings

Open to members of the Corporation but public access not permitted.

## 7 Confidential Session

Whenever it is satisfied that it is appropriate to do so, the Committee has the right to go into confidential session and exclude any or all participants and observers, except the Clerk to the Corporation. The rules relating to quoracy must be observed.

## 8 Clerking

The Committee will be served by the Clerk to the Corporation.

## 9 Publication of Minutes

Minutes shall be made available to all Members of the Corporation through the Governor portal. Members of the public can request minutes from the Clerk. Some minutes and / or reports may be confidential due to commercial sensitivity and / or inclusion of personal data.

Updated and approved June 2021

**Reviewed and approved** at the first committee meeting of the 2021-22 academic year