

AUDIT COMMITTEE TERMS OF REFERENCE

BACKGROUND

- 1.1 In fulfilling the requirements of its funding bodies the Corporation is required to appoint an Audit Committee.
- 1.2 The Audit Committee is a Committee of the Corporation and is not to be seen as an executive arm of the College. The role of the committee is to provide an independent view to the Corporation, on the Group's audit arrangements and systems of internal control and to provide an opinion as to whether it is operating in an economic, efficient and cost effective manner.
- 1.3 In advising the Corporation the Audit Committee is to make full use of the professional advice available from the financial statements, regularity and other audit and assurance providers.

AIM

- 2.1 This document sets out the terms of reference under which the members of the Audit Committee will carry out their duties.

DUTIES

Audit Committee Opinion

- 3.1 To produce an Annual Report for the Corporation and the College Accounting Officer, summarising the committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report. The report must include the Committee's view of its own effectiveness and how it has fulfilled its Terms of Reference. The report must provide the Corporation with a separate opinion on the adequacy and effectiveness of its organisation's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).

Financial Statements and Regularity Auditors and Internal Audit Service

- 3.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors, internal audit service and other assurance providers, and to advise the Corporation on the scope and objectives of the work of their work and establish that all such assurance providers adhere to relevant professional standards.
- 3.3 To consider and advise the Corporation on the annual audit strategy and audit plans for the IAS and consider and advise the Corporation annually whether there is a need for an internal audit function and if so, its remit and level and focus of internal audit activity.
- 3.4 To review the annual planning document of the financial statements and regularity auditors and approve the planned audit approach.
- 3.5 To advise the Corporation on matters of internal control and other issues included in the management letters and reports of the financial statements and regularity auditor and management's responses to these.
- 3.6 To consider any additional services delivered by the financial statements and regularity auditors or other assurance provider and ensure appropriate independence and objectivity is maintained taking into consideration relevant UK professional and regulatory requirements.
- 3.7 To meet with the external and internal auditors without management present, at least annually.
- 3.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the Financial Statements Auditor's management letter.

- 3.9 To review, in conjunction with management, the performance of the financial statements and regularity auditors and internal audit service on an annual basis and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.

Board Assurance Framework and Risk

- 3.10 To consider and advise the Corporation on an annual review of the Board Assurance Framework to provide assurance of effective internal control and to review the adequacy and robustness of risk registers.

Other reports

- 3.11 To consider and advise the Corporation on relevant reports, for example by the National Audit Office (NAO), the Education and Skills Funding Agency (ESFA), other funding bodies and where appropriate, management's response to these.

Fraud and whistleblowing

- 3.12 To oversee the policies on fraud and irregularity and whistleblowing of the College Group, 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 the external auditors have been informed, and that appropriate follow-up action has been planned / actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the Chief Executive of the appropriate funding body.

Recommendation for approval of Financial Statements

- 3.13 To recommend the Annual Financial Statements of the College Group to the Corporation for approval.

Other investigations

- 3.14 To review or investigate any other matters referred to the Committee by the Corporation.

DELEGATED AUTHORITY

- 4.1 The Audit Committee has authority to:
- 1 appoint co-opted members (maximum 2) as required to meet the need for specific additional experience;
 - 2 commission an investigation of any activity within its Terms of Reference and in order to do so has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit;
 - 3 Obtain appropriate external advice when considered necessary.
- 4.2 Additional authority to be delegated by the Corporation when so resolved.

MEMBERSHIP

- 5.1 The Audit Committee is to comprise at least three members and no more than eight. Members of the Audit Committee may not also serve on the Finance Committee of the Corporation. The Committee can appoint up to two co-opted members. The Audit Committee must include at least one person, whether a governor or a co-opted member with recent and relevant accountancy, or audit and assurance, experience.
- 5.2 The Corporation Chair, the Head of Governance, the Group Principal / CEO, and other senior management staff may not be members of the Audit Committee. The Deputy CEO, Finance and Resources and Finance Director will attend all meetings of the committee and other senior managers may be invited to attend meetings as required.
- 5.3 Members of the Audit Committee will need to meet the independence requirements of the Corporation and to adhere to the Code of Conduct in place for governors and committee members.
- 5.3 The Audit Committee may co-opt advisers to attend meetings but must ensure that it maintains its independence when considering the appointment of members. Other members of the Corporation may, by invitation, attend Audit Committee meetings. These persons may speak and otherwise take part in the meeting on a consultative basis but co-opted members would not normally be eligible to stand as Chair of the Committee. The Group Principal / CEO, staff

and student governors may be asked to withdraw when representatives from the external auditors are in attendance.

QUORUM

- 6.1 A quorum of the Committee shall be three members so long as there are at least two members present who are members of the Corporation.

CHAIR

- 7.1 The Committee members shall annually elect a Chair and Vice-chair at the first meeting of the academic year. No person may act as Chair unless they are also a member of the Corporation.

VOTING

- 8.1 Voting at meetings will be determined by a show of hands.
- 8.2 Co-opted members will have full voting rights.
- 8.3 The names and votes of members shall not normally be recorded in the minutes, but any member may request that his or her vote or abstention be recorded.
- 8.4 In the case of an equality of votes, the Chair of the meeting will have a second or casting vote.

CLERK

- 9.1 The Head of Governance shall act as Clerk to the Committee.

REPORTING RESPONSIBILITIES

- 10.1 The Chair of the Committee shall report formally to the Corporation on the proceedings of the Audit Committee after each meeting on all matters within its duties and responsibilities.
- 10.2 The Audit Committee shall make whatever recommendations it deems appropriate to the Corporation on any area within its remit where action or improvement is needed.
- 10.3 The Audit Committee shall draw any significant recommendations and matters of concern to the attention of the Corporation.

Reviewed November 2018
Next Review November 2019

AUDIT COMMITTEE

PLANNED BUSINESS FOR THE YEAR

AUDIT COMMITTEE	Winter 2017	Spring 2018	Summer 2018
Recurrent Matters			
Apologies	*	*	*
Election of Chair	*		
Minutes	*	*	*
Matters arising from the minutes	*	*	*
Terms of reference & Membership	*		
Planned Business for Year	*		
Financial Statements Auditor			
Financial Statement Audit Findings Report	*		
Review of Performance of FSA and establishment of annual performance indicators for the following year and annual re-appointment	*		
Internal Auditor			
Annual Internal Audit Plan	*		
Review of performance of internal audit service and establishment of annual performance indicators for next year and annual re-appointment	*		
Annual Report	*		
Reports on reviews and progress update	*	*	*
Tracker Report on previous recommendations	*	*	*
Other Matters			
Recommendation of approval to Corporation of Annual Financial Statements	*		
Risk Management Reports	*	*	*
Fraud Register	*	*	*
Board Assurance Framework reports	*	*	*
Annual Report to Corporation	*		
Business Plan Issues	*	*	*
Date of Next Meeting	*	*	*