

**Terms of Reference AUDIT Committee**

<b>Date of Authority</b> (Reviewed annually):	<u>Last reviewed by:</u>  Corporation: 14 December 2022 Audit Committee: 30 November 2022
<b>Type of Responsibilities:</b>	Advisory to the Governing Body  The Committee has the right to investigate any activity within its Terms of Reference. The Committee must not perform any executive function. The Committee may obtain external professional advice to the extent allowed for by the governance budget and subject to the provisions of the Financial Regulations.
<b>Current Chair</b>	Dr Andrew Gilchrist

<b>Membership:</b>	<p><b>Minimum of 5 Members</b></p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. At least 3 full Governors and up to 2 additional Externally Co-opted Members with relevant experience.</li> <li>2. The Principal and CEO and other Senior Postholders will <b>not</b> be members of the Committee, but may be in attendance.</li> <li>3. Other senior staff and the College's internal and financial statements auditors will be asked to attend when required.</li> <li>4. The Committee shall <b>not</b> include within its membership the Chair of the Corporation, any member of the Resources Committee, any staff or student member of the Corporation or Governor with significant interests in the College.</li> <li>5. Governors who are not members of the Committee have the right to attend meetings except where the Committee goes into confidential session.</li> <li>6. The membership of the Committee will be agreed by the Corporation at the first meeting for each academic year.</li> <li>7. Only members of the Committee have the right to vote whether co-optee or full member.</li> <li>8. The internal auditor, where appointed, shall be entitled to attend and speak at all meetings of the Committee as shall the financial statements auditors where business relevant to them is being discussed.</li> </ol>
<b>Quorum:</b>	<b>A quorum shall be 2 members, both of whom must be full Governors of the College.</b>

	<p>Notes:</p> <ol style="list-style-type: none"> <li>1. If the number of members of the Committee assembled for a meeting of the Committee does not constitute a quorum, the meeting shall not be held.</li> <li>2. If in the course of a meeting of the Committee the number of members present ceases to constitute a quorum, the meeting shall be terminated forthwith.</li> <li>3. If, for the lack of a quorum, a meeting cannot be held or, as the case may be, cannot continue, the Chair shall, if he or she thinks fit, cause a special meeting to be summoned as soon as practicable (there does not need to be seven-day notice period on condition the agenda is not modified from that of the meeting that was not quorate).</li> </ol>
<b>Appointment of Chair</b>	<p><b>Appointment of the Chair is by the Corporation for a period of four years</b></p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. If the Chair is absent from any meeting of the Committee the members of the Committee present shall choose one of their number to act as Chair for that meeting.</li> </ol>
	<ol style="list-style-type: none"> <li>2. Terms of office for the Chair will reflect their Terms of Office as a Governor, unless stipulated otherwise or they resign from the role.</li> <li>2. A vacancy which arises during the period of office of the Committee will be filled by the co-option of an independent member of the Corporation by the Chair of the Search and Governance Committee.</li> </ol>
<b>Frequency of Meetings:</b>	<p><b>Termly – Meetings will be a minimum of 3 times per academic year.</b></p> <p>Notes:</p> <ol style="list-style-type: none"> <li>1. All meetings of the Committee will be summoned by the Clerk who shall send to the members written notice of the meeting and a copy of the agenda at least seven days in advance of the meeting.</li> <li>2. A special meeting of the Committee may be called by the Committee Chair.</li> </ol>
<b>Minutes:</b>	<p><b>Draft Minutes approved by the Chair of the Committee.</b></p> <p>Notes:</p>

	1. The draft minutes of each meetings shall be approved by the Committee chair and presented as such to the Corporation for recommendations and information.
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## OVERVIEW

The College Conditions of Funding, and ESFA Post 16 Audit Code of Practice (ACOP) require Colleges to establish an Audit Committee to determine or advise on such matters relating to audit as the Corporation may remit to them. These terms of reference comply with, and include where appropriate, reference to the ACOP and the DfE Guidance on the Scope of the Work of College Audit Committees and Internal Auditors.

## DELEGATED AUTHORITY & RESPONSIBILITIES

1. The Audit Committee is responsible for the provision of independent and authoritative advice to the Corporation on the adequacy and effectiveness of the College's internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).
2. To advise the Corporation on the adequacy and effectiveness of the College's assurance framework; including assessing and providing an opinion on the adequacy and effectiveness of the College's:
  - Audit arrangements
  - Governance processes
  - Risk management and control
  - Processes for securing economy, efficiency and effectiveness (value for money).
3. To advise and support the Corporation in fulfilling its roles and responsibilities, including its responsibility for providing the assurances required in the Statements of Corporate Governance and Internal Control in the annual accounts.
4. To consider and advise the Corporation on the effectiveness of the College's Risk Management processes through the Risk Management policy and termly reviews of the Risk Register.
5. To make recommendations to the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statement's auditor and internal auditor.
6. To advise the Corporation on the scope and objectives of the work of the financial statement's auditor (who is also the regularity auditor) and to review and monitor their independence and objectivity and the effectiveness of the audit process. This review will take into consideration relevant UK professional and regulatory requirements and the College's own KPIs; and, based on this review the outcome will be used to decide whether a competition for price, value for money, and the quality of the audit service is appropriate.
7. To ensure effective co-ordination between the internal auditor and financial statements auditor.

8. To consider and recommend to the Corporation
  - the audit strategy and
  - annual internal audit plans for the internal auditor.
9. To advise the Corporation any internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statement's auditor and management's response to these.
10. To consider and advise the Corporation on relevant reports by the
  - National Audit Office (NAO),
  - Education and Skills Funding Agency (ESFA),
  - Department for Education and any successor body
  - and where appropriate, management's responses to these.
11. To monitor, within an agreed timescale, progress on the implementation of agreed recommendations relating to any internal audit assignment reports, any internal audit annual reports, funding audits, the financial statements auditor's management letters, and reports from any other providers of audit and assurance.
12. To establish, in conjunction with College management, relevant performance measures and indicators, to monitor the effectiveness of the internal auditor.
13. Review of the performance of the Internal auditor, to consider whether a competition for price, value for money, and quality of the audit service is appropriate and report this to the Corporation.
14. To produce a written annual report for the Corporation that outlines the activities of the Audit Committee as they relate to the year under review. This report will include the Committee's opinion on the adequacy and effectiveness of the College's systems and arrangements for risk management, control and governance processes for securing economy, efficiency and effectiveness. The report will also include any significant matters arising from the work of the internal auditors, funding auditors, and financial statements auditor.
15. To ensure the College has, in place, robust policies covering Whistleblowing, GDPR, Fraud, and Bribery. The Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
16. To review the business of the meeting to ensure that any emerging risks have been identified for inclusion on the risk register.
17. To review its own effectiveness by carrying out its own self-assessment.
18. To ensure the proper, proportionate and independent investigation, reporting and follow-up of all allegations and instances of suspected or actual fraud, and irregularity.
19. To develop and implement policy on the provision of any additional services by any assurance providers appointed and to explain how independence and objectivity have been safeguarded, taking in to account, relevant ethical guidance.

20. To receive the minutes of any Sub Committee/Working party where a task and finish group has been set up.
21. To consider and recommend, together with the Resources Committee, the annual Financial statements and related paperwork to the Governing Body for approval (within appropriate guidelines).
22. To ensure that all of the above are conducted in accordance with the minimum schedule of business stated in the Post 16 Audit Code of Practice.

#### **FLEXIBILITY**

1. External experts may also be co-opted to serve the Committee if so required.
2. The Committee can also appoint subcommittees and working groups to undertake its duties on a task and finish basis, but in all instances the task and finish group will report back to the Committee. The final decision/recommendation of any such task and finish group will be made to the Corporation by the Committee.
3. The Internal Auditor or Financial Statement's Auditor may request a meeting of the Committee if they consider that one is necessary and the Committee will endeavour to comply with such requests. External experts may also be co-opted to serve the Committee if so required.
4. The Committee shall be entitled to go into confidential session and exclude any, or all, participants and observers.