

AUDIT COMMITTEE

Terms of Reference

Approved by the Audit Committee on 01 June 2009 and by the Corporation on 08 July 2009

AUTHORITY: The Audit Committee is required to be established in accordance with Article 6.1 of the Articles of Government.

The role of the Committee is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money). The Minimum content for Terms of Reference of the Committee is included in Supplement B to the Audit Code of Practice, set out in Circular 04/07 dated December 2004.

To ensure the Committee's independence, the following are excluded from Committee membership: The Chair of the Corporation, the Principal, the College's professional advisers, Senior Post Holders and any other staff who hold significant responsibilities relating to Committee business. It is noted that should a Resources/Finance Committee be re-established, members of such a Committee would also be excluded from membership.

1. MEMBERSHIP AND OPERATION

- 1.1 The Committee shall comprise up to **6** Corporation members, at least one of whom shall have relevant financial or audit qualifications and experience.
- 1.2 In addition, Committee membership may include up to **2** co-opted, non-Corporation members with relevant business or academic experience and expertise, who have been appointed by the Corporation on the recommendation of the Search Committee.
- 1.3 The Committee Chair shall be a Corporation member who is appointed by the Corporation on the recommendation of the Search Committee. In the event of the Committee Chair being unable to attend, the remaining Corporation members on the Committee should elect one of themselves as Chair for that meeting.
- 1.4 The quorum for Committee meetings shall be **3** Committee members, at least **1** of whom shall be a Corporation member.
- 1.5 The Clerk to the Corporation shall act as Clerk to the Committee.
- 1.6 The Committee shall meet at least 3 times a year.
- 1.7 The Internal Audit Service shall attend all Committee meetings. The Financial Statements auditor is entitled to attend all Committee meetings and shall attend specific meetings when required.
- 1.8 The Principal, the Vice Principal Resources and the Head of Finance shall attend all Committee meetings except where required to withdraw by the Committee.

2. FUNCTIONS

- 2.1 To **advise** the Corporation on the adequacy and effectiveness of the College's:
 - systems of internal control
 - arrangements for risk management
 - governance processes
 - securing economy, efficiency and effectiveness (value for money).

- 2.2 To **advise** the Corporation on the appointment, reappointment, dismissal and remuneration of the Financial Statements auditor and the Internal Audit Service (IAS).
- 2.3 To **advise** the Corporation on the scope and objectives of the work of the IAS and the Financial Statements auditor.
- 2.4 To **ensure** effective coordination between the IAS and the Financial Statements auditor.
- 2.5 To **consider** and **recommend** the annual Financial Statements and related paperwork to Corporation for approval.
- 2.6 To **advise** the Corporation on Audit Strategy, audit plans, internal audit assignment reports and annual reports, and on control issues included in the management letters of the Financial Statements auditor (including their work on regularity audit) and management's responses to these reports.
- 2.7 To **monitor**, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, Financial Statements auditor's management letter.
- 2.8 To **consider** and **advise** the Corporation on relevant reports by the National Audit Office (NAO), the Learning and Skills Council (LSC) or their successors and other funding bodies, and where appropriate management's response to these.
- 2.9 To **establish**, in conjunction with college management, relevant annual performance measures and indicators, and to **monitor** the effectiveness of the IAS and Financial Statements auditor through these measures and indicators and **decide**, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 2.10 To **produce** and **submit** an annual report to the Corporation and the Accounting Officer (as specified by the Audit Code of Practice) in the Autumn of each year before the approval of the related Financial Statements.
- 2.11 To **ensure** that all allegations of fraud and irregularity are properly followed up.
- 2.12 To **be informed** of all additional services undertaken by the IAS and the Financial Statements auditor.
- 2.13 To **review** and **recommend** the College's Risk Management Policy and **consider** the corporate risk register at least once each academic year.
- 2.14 To **ensure** that all of the above are conducted in accordance with the minimum schedule of business stated in the Audit Code of Practice.

3. REPORTING PROCEDURES

- 3.1 The minutes of each Committee meeting shall be circulated to all Corporation members for information.

4. SPECIFIC POWERS OF THE COMMITTEE

- 4.1 The Committee has the right of access to obtain all the information it considers necessary from members of staff or governors, and to consult the IAS and Financial Statements auditor directly.
- 4.2 The Committee is entitled, wherever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules of quoracy) to exclude any, or all, participants and observers, except the Clerk to the Corporation.
