

## **BOARD OF GOVERNORS**

### **AUDIT COMMITTEE TERMS OF REFERENCE**

<b>Membership</b>	3+, of which three must be governors. The Committee shall have the powers to co-opt up to two members who are not governors
<b>Quorum</b>	2, of which one must be a governor.
<b>Special conditions for membership</b>	At least one governor with a significant financial, risk or assurance background
	The Committee retains its independence in appointing its membership
	The Chair of Corporation, the Principal/Chief Executive, the staff governor and the student governor, may not sit on the Audit Committee but the Principal may attend by invitation.
<b>Frequency of meetings</b>	A minimum of three a year
<b>Chairing</b>	The Committee shall appoint/reappoint a Chair and Vice Chair from its number annually at the first meeting of each academic year
<b>Clerking</b>	Clerk to the Corporation
<b>Observers and guests</b>	Any Governor may be entitled to attend a meeting of the Committee as an observer. The Committee may invite any other person to attend its meetings as a guest. No observer or guest shall be treated as a member of the Committee for voting, quorum or any other purpose.
<b>Reporting</b>	The Committee shall report to the next meeting of the Board of Governors through its Minutes
<b>Review of ToR</b>	Annual at the first meeting of each academic year.

#### **1. Purpose**

The Audit Committee complies with the minimum terms of reference, set out within the Funding Agencies' Post 16 Audit Code of Practice. It must not adopt an Executive role. The purpose is to provide independent and authoritative advice to the Governing Body on the effectiveness of internal control and management

systems, including those for securing the economy, efficiency and effectiveness of the activities of the college. The Audit Committee, on behalf of the Governing Body, ensures that financial management and other control systems are adequate, and ensure the integrity and probity of the college's policies. In addition to this, the Committee carries out value for money investigations in areas identified by the Chair and Corporation

## **2. Powers and restrictions**

- i. the right to investigate any activity within its terms of reference
- ii. the right to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit
- iii. a restriction not to adopt an executive role

## **3. Scope**

- i. To advise the Corporation on the adequacy and effectiveness of the College's internal control system and its arrangements for risk management (including the key risks inherent in the College), control and governance processes, including controls for securing economy, efficiency and effectiveness (value for money).
- ii. To advise and make recommendations to the Corporation on the appointment, reappointment, dismissal and remuneration of any internal audit service (IAS) and the external auditors.
- iii. To advise and make recommendations to the Corporation on the scope and objectives of the work of the IAS (if any) and external auditors.
- iv. To ensure effective co-ordination between the IAS (if any) and external auditors.
- v. To consider and advise the Corporation on the internal audit strategy including audit needs assessment and the strategic and short term audit plans for the IAS.
- vi. To advise the Corporation on internal audit assignment and annual reports and on control issues included in the management letters of the external auditor (including their work on the regularity audit) and management's response to these.
- vii. To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment and annual reports, the external auditor's management letter and spot check reports.
- viii. To review and advise the Corporation on the College's published annual financial statements, focusing particularly on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments resulting from the financial statements audit and any unadjusted items identified during that audit; and

- compliance with accepted accounting standards and legal requirements and to recommend the annual financial statements to the Corporation for approval.
- ix. To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Skills Funding Agency and other funding bodies, and where appropriate management's response to these.
  - x. To establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS (if any) and the external 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.
  - xi. To produce an annual report for the Corporation and the Chief Accounting Officer (the Chief Executive), which includes the Committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the IAS (if any) and external auditors.
  - xii. To review and advise the Corporation annually on the adequacy of the College's financial regulations.
  - xiii. To ensure that all allegations of fraud and irregularity are properly followed up.
  - xiv. To be informed of all additional services undertaken by the IAS (if any) and external auditor.