

## Audit Committee

### TERMS OF REFERENCE

Composition:	Minimum of three members, including at least two governors. In line with the Post 16 Audit Code of Practice, the Corporation Chair and Principal may not serve on the committee. Staff governors may serve on the committee if the Corporation is satisfied that good practice standards of independence and objectivity can be met. The Corporation has a responsibility to maintain the committee's independence when appointing members and must appoint individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively. No cross membership with Finance & Employment Committee. Collectively the members of the committee must have recent and relevant experience in risk management, finance and assurance. The committee must not adopt an executive role.
Quorum:	40% of committee subject to minimum of 3
Attendance	The committee attendance target is 75%. Committee members are therefore expected to attend three of the four meetings scheduled in 2021-22
No of meetings per year	Minimum 4
Chair:	Selected by committee, reviewed annually and may not be chaired by Chair of Corporation, Group Principal, staff or external co-opted member
Public access to meetings:	By chair's invitation, with members' approval - see Standing Orders Section 12
Conduct of meetings:	See Standing Orders Section 5
Minutes:	Approval, see Standing Orders Section 4
Minutes:	Circulation/publication see Standing Orders Section 10
In attendance:	Group Executive Director Finance Group Executive Director Planning and Infrastructure Chief Executive and Group Principal (by invitation from the Chair) Representative of Internal Audit Service Representative of External Auditors Other members of staff may be called upon to attend at chair's discretion
Key functions and delegated powers:	<p>The Audit Committee has authority to investigate any activity within its terms of reference and has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit. The Audit Committee must not adopt an executive role.</p> <p><b>1</b> To advise the Governing Body on the adequacy and effectiveness of the College Group's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of the College Group's assets.</p> <p>This advisory role does not reduce the prime responsibility of the College Group management to institute, monitor and review all internal control systems.</p>

	<p><b>2</b> To recommend the annual financial statements to the Governing Body for approval and to advise and support the Corporation to explain, in its accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.</p> <p><b>3</b> To advise the Governing Body on 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</p> <p><b>4</b> To establish, in conjunction with College management, relevant annual performance measures and indicators for the IAS (where appointed) and external auditor and review and monitor the effectiveness, independence and objectivity of the IAS and external auditors, including through these measures and indicators</p> <p><b>5</b> To decide whether a competition for price and quality of the audit service is appropriate, and make appropriate recommendations to the Governing Body</p> <p><b>6</b> To advise the Governing Body on the scope and objectives of the work of the IAS, the external auditor and the funding auditor (where appointed), including the audit strategy and annual internal audit plans for the IAS</p> <p><b>7</b> To develop and implement policy on the engagement of the external auditor to supply services other than financial statements audit and regularity audit, taking into account relevant ethical guidance; to inform the Governing Body of 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 were safeguarded</p> <p><b>8</b> To review and consider the reports of external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable)</p> <p><b>9</b> To monitor the implementation of agreed recommendations arising from any reports of audit and assurance providers to agreed timescales</p> <p>In order to facilitate such monitoring, the committee is empowered to invite individual members of staff to attend meetings</p> <p><b>10</b> To consider and advise the Governing Body on relevant reports by the National Audit Office (NAO), the Education and Skills' Funding Agency and other funding bodies, and, where appropriate, management's response to these</p> <p><b>11</b> To produce an annual report for the Governing Body summarising the activities of the Audit Committee as they relate to the year under review including:</p> <ul style="list-style-type: none"> <li>- a summary of the work undertaken by the committee during the year</li> <li>- any significant issues arising up to the date of preparation of the report</li> </ul>
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	<ul style="list-style-type: none"> <li>- any significant matters of internal control included in the reports of audit and assurance providers</li> <li>- the committee's view of its own effectiveness and how it has fulfilled its terms of reference</li> <li>- 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</li> </ul> <p>and to submit the annual report to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed</p> <p><b>12</b> To approve, on behalf of the Corporation, policies on and processes around fraud, irregularity, impropriety and whistleblowing and ensure:</p> <ul style="list-style-type: none"> <li>- the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity</li> <li>- that investigation outcomes are reported to the Audit Committee</li> <li>- that the external auditor (and internal auditor if applicable) are informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned / actioned</li> <li>- 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 as soon as possible</li> <li>- that risks around fraud have been identified and controls put in place to mitigate them</li> </ul> <p><b>13</b> To review, monitor and approve the risk management action plan and to consider the effectiveness of risk management processes</p>
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