

AUDIT COMMITTEE TERMS OF REFERENCE

1. Purpose

1.1 The Audit Committee is a Committee of the Corporation established under the terms of clause 6 of the Articles of Government.

1.2 The role of the Committee is to assess and provide the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of assets.

2. Membership

2.1 The Committee shall consist of at least three members. In addition external individuals may be co-opted. Staff members, staff governors, the Chair of the Corporation, any member of the Finance and Resources Committee and the Principal are ineligible for membership of the Audit Committee.

2.2 Terms of office of members of the Committee shall last until the expiry of their term of office as a Board member unless s/he has been appointed for a further term of office.

2.3 Co-opted members of the Committee will be appointed by the Board and will hold office for a period of one year, following which they will be eligible for reappointment.

2.4 The Board will review the membership of the Committee from time to time and may make changes as it sees fit. It is a responsibility of the Corporation in appointing Members to maintain the Committee's independence and objectivity.

2.5 Collectively the Committee should have recent, relevant experience in risk management, finance and assurance. There is a restriction on the Committee not to adopt an executive role.

2.6 A representative from the appointed internal audit service will be expected to attend all meetings of the committee and a representative from the appointed financial statements and regularity auditors will be expected to attend as appropriate.

3. Election of Chair and Vice-Chair

3.1 The Chair and Vice Chair of the Committee will be selected by the Committee, for a term not exceeding 4 years.

3.2 The retiring Chair and Vice-Chair will be eligible for re-appointment.

3.3 In the absence of both the Chair and Vice-Chair from a meeting, the Committee will appoint another member to act as Chair for that meeting.

4. Frequency of Meetings and Quorum

4.1 The Audit Committee shall meet at least once a term. Additional meetings may be called as necessary in agreement with the Chair.

4.2 The quorum for meetings of the committee shall be three members.

5. Responsibilities of the Committee

5.1 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors, the internal auditors and other assurance providers and to establish that all such assurance providers adhere to relevant professional standards.

5.2 To advise the Corporation on the scope and objectives of the work of the internal auditors and the financial statements, work of the Finance and Resources Committee and regularity auditors.

5.3 To ensure effective coordination between the internal auditors and the financial statements and regularity auditors.

5.4 To consider and advise the Corporation on the audit strategy and internal audit plans.

5.5 To advise the Corporation on internal audit assignment reports and annual reports on control issues included in the management letters of the financial statements and regularity auditors, and management's responses to these.

5.6 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements and regularity auditor's management letter and reports, and of any reports submitted by other providers of audit and assurance services.

5.7 To inform the Corporation of any additional services provided by the external auditor, reporting accountant and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded.

5.8 To produce an annual report for the Corporation and accounting officer, as detailed within the Post-16 Audit Code of Practice 2019/20. In particular the report should include the Committee's opinion on the adequacy and effectiveness of the Corporation's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness, and any significant matters arising from the work of the IAS, the financial statements and regularity auditors and any other providers of audit and assurance services.

5.9 To oversee the Corporation's policies on fraud and irregularity and whistleblowing and to ensure that all allegations of fraud and irregularity are properly followed up in accordance with the Post-16 Audit Code of Practice 2019/20. This includes approving the College's Policy on Whistleblowing.

5.10 To consider a regular report from the college on the identification and management of risk, including fraud risk.

5.11 To review college compliance with GDPR.

5.12 To approve the college's critical incident management plan.

5.13 The Audit Committee has the authority to investigate any activity within its terms of reference and the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit. It may seek independent advice when required.

5.14 HEALTH & SAFETY

- To recommend the Health and Safety Policy for approval by the Corporation.
- To ensure that there are adequate procedures and policies in place relating to the Environment and Health and Safety matters.
- Monitor and review the application of the College's Health and Safety policies and practices by receiving termly reports and an annual report from the Health and Safety Officer.
- Advise the Corporation on the level of compliance with the Health and Safety and Environmental Policies.

6. Clerking Arrangements

6.1 The Clerk to the Board shall act as Clerk to the Audit Committee.

7. Reporting to the Board

7.1 The minutes of each meeting of the Audit Committee shall be presented to the next ordinary meeting of the Board.

7.2 Any recommendations made by the Committee will appear as separate items on the agenda for the next ordinary meeting of the Board.

8. Review and Approval

8.1 The terms of reference of the Audit Committee will be reviewed on an annual basis and recommendations made to the Board as appropriate.

9. Other Matters

9.1 The Committee shall:

- ☐ Ensure that new and existing members receive appropriate training in all aspects of the committee's responsibilities;
- ☐ Conduct an annual review of the committee's effectiveness against its Terms of Reference; and

- ☐ Maintain and operate to an annual reporting cycle which covers all key matters as per the Committee's Terms of Reference.

10. Cycle of Business

		Autumn term meeting	Spring term meeting	Summer term meeting	For Corporation approval
1	Recommend formal annual appointment of Financial Statements and Regularity Auditors and fees			X	Y
2	Approve the external audit strategy			X	
3	Recommend approval of the Annual Internal Audit Plan and 3- year rolling strategy			X	Y
4	Scrutinise all audit reports, management letters and the management's response	X	X	X	
5	Track implementation of audit recommendations	X	X	X	
6	Consider and advise the Corporation on relevant reports	X	X	X	Y
7	Review the completed ESFA regularity self-assessment questionnaire	X <i>(if not done in summer)</i>		X <i>(if available)</i>	
8	Produce an annual report for the Corporation of the prior year's operation of the committee	X			Y
9	Recommend to the Corporation the approval of the statement of corporate governance and internal control in the annual financial statements	X			Y
10	Consider a regular report from the college on the identification and management of risk, including fraud risk.	X	X	X	
11	Detailed focus on one area of risk	X	X	X	
12	Annual Fraud Risk Assessment (to inform Counter Fraud Strategy)		X		Y
13	Compliance Calendar	X	X	X	

14	Standing item on any instances to report on Fraud and Whistleblowing	X	X	X	
15	Consider whether the college is compliant with GDPR	X	X	X	
16	Critical Incident Management Plan - approve	X			
17	Annual Policy Reviews 22/23 to approve: <ul style="list-style-type: none"> Whistleblowing Policy (due 24) and to recommend to Corporation: <ul style="list-style-type: none"> Fraud Policy (annual) Gifts and Hospitality Policy(due 24) Declarations of Interest Policy (due 24) Data Protection Policy Freedom of Information Policy 		X	X X X X	Y
18	Review of performance of the internal audit service	X			
19	Review of performance of the financial statement auditors		X		
20	Annual self-evaluation of the Committee			X	
21	Appointment of Committee Chair (<i>currently annual</i>)	X			
22	Review the Committee terms of reference and recommend any changes to Corporation	X			Y
23	Consider the calendar of business for the committee for following year			X	
24	Termly Health, Safety and Fire report	X	X	X	
25	Recommend for approval by the Corporation the Health and Safety Policy			X	
26	Value for money report	X			N
27	Audit Committee Action Plan and Progress Monitoring	Action plan presented	X	X	N