

## **TERMS OF REFERENCE AUDIT COMMITTEE**

### **CONSTITUTION**

The Committee is a Committee reporting to the Corporation and shall consist of at least three persons.

### **MEMBERSHIP**

Members will be members of the Corporation or others and may include employees of the Corporation other than those in senior posts. Students may not be members. Members of the Committee are appointed by the Corporation for such periods as they determine. The Chairman of the Committee will be selected by the Corporation and should not be a co-optee to the Committee.

The Internal Auditor shall be entitled to attend and speak at all meetings of the Committee (but not to vote) as shall the financial statements Auditor where business relevant to them is being discussed. Senior Management should also be invited to attend meetings of the Committee, particularly where their area of responsibility is under discussion, and shall be entitled to attend and speak at such meetings but not to vote.

The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).

In order to maximize the Committee's independence and objectivity, the following people shall not be eligible to sit on the Committee: those with executive responsibilities at senior level; members of the College finance committee or equivalent; the Chairman of the Corporation; governors who have significant interests in the College.

The Clerk to the Corporation shall act as Clerk to the Committee.

The Committee shall be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules as to quoracy), to exclude any, or all, participants and observers, except the Clerk to the Corporation.

The Committee shall be granted rights of access to obtain all the information it considers necessary from the members of staff and governors of the Corporation, and to consult the internal audit service (IAS), financial statements auditor directly.

### **QUORUM**

The quorum is two members.

### **ATTENDANCE**

The Principal, the Assistant Principal (Director of Finance & Estates) and the Clerk to the Corporation will normally attend meetings. The internal and external auditors will attend the meetings as appropriate, but at least once each year. Others may attend at the invitation of the Chairman.

## PURPOSE

- 1) To advise the governing body on the adequacy and effectiveness of the Corporation's systems of 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 governing body on the appointment, reappointment, dismissal and remuneration of the financial statements auditors and the IAS.
- 3) To advise the governing body on the scope and objectives of the work of the IAS and financial statements auditor.
- 4) To ensure effective co-ordination between the IAS, and financial statements auditor.
- 5) To consider and advise the governing body on the audit strategy and annual internal audit plans for the IAS.
- 6) To advise the governing body on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor and management's responses to these.
- 7) To consider and advise the governing body on relevant reports by the National Audit Office, the Young People's Learning Agency (YPLA), other funding bodies, and where appropriate, management's response to these.
- 8) To monitor, within an agreed time scale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, and spot-check reports and the financial statements auditor's management letter.
- 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.
- 10) To produce an annual report for the governing body and accounting officer, which should include 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 and the financial statements auditor.
- 11) To ensure that all allegations of fraud and irregularity are properly followed up.

12) To give prior approval of all additional services undertaken by the IAS and the financial statements auditors, where those service are in excess of £5,000.

## FREQUENCY

Meetings will normally be held once a term in advance of a Corporation meeting. The Internal Auditor or financial statements 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. In any event, the Committee must consider a minimum number of items of business each year for it to be able to function effectively and those items of business are currently set out in the Audit Code of Practice.

## AUTHORITY

The Committee has specific authority as delegated by the Corporation from time to time. It also has delegated authority as set out in these terms of reference and in the business procedures.

## REPORTING

Formal minutes will be taken of all meetings and will be presented to the next meeting of the Corporation. Minutes will be approved and signed at the next meeting of the Committee.

Last reviewed: May 2011 Corporation Approved: July 2011 Review: Annual
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