BHASVIC

TERMS OF REFERENCE
AUDIT COMMITTEE

INTRODUCTION

The Corporation has an Audit Committee to advise on matters relating to the adequacy and effectiveness of the Corporation's Audit arrangements and systems of internal control and to advise and support the Corporation in explaining the measures it has taken to ensure that it has met its statutory and regulatory duties and responsibilities, disclosed in the Annual Report and Financial Statements.

MEMBERSHIP

Members of the Committee will be members of the Corporation. The Chair of Governors, Students, Staff, Senior Post Holders and Members of the Resources Committee, may not be Committee members. Members of the Committee are appointed by the Corporation for such periods as they determine. The Chair of the Committee will be selected by the Corporation, on the recommendation of the Search and Governance Committee, and should not be a co-opted Member. The Corporation may also appoint a Deputy Committee Chair. At least one member must have relevant financial/audit experience.

The auditors shall be entitled to attend and speak at all meetings of the Committee (but not to vote) 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 Principal and Vice Principal (Director of Resources) will normally attend Committee meetings.

In the absence of the Committee Chair, the members attending the meeting shall select one of their number to "chair" that meeting.

The Chair of 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 Resources Committee or equivalent; the Chair of Corporation; Governors who have significant interests in the College.

The quorum for meetings of the Committee shall be two members (full Governors and not co-opted Members).

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

The Committee will usually meet at least once each term. If the Committee does not meet three times per year (once per term), an explanation must be included in the Annual Report of the Audit Committee. The auditors 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 as currently set out in the Joint Audit Code of Practice.

At least once per year the Committee shall be given an opportunity to meet with its auditors in the absence of College Management to give the auditors an opportunity to raise any issues regarding College Management.

The Committee shall operate in accordance with any requirements of government agencies and with statutory codes of practice applicable to Further Education College Audit Committees, including the Post 16 Audit Code of Practice (Framework and Guide for external auditors and reporting accountants of colleges).

PURPOSE

The responsibilities of the Audit Committee are:

1. To assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College's audit arrangements, framework of governance, risk management and control, and the processes for the effective and efficient use of resources (value for money), the solvency of the institution and the safeguarding of its assets.
2. Provide assurance to the Corporation on the College's Risk Management Strategy through a termly review of the College's risk register and an annual review of the Risk Management Strategy and report to the Corporation accordingly.
3. Advise the Corporation on the appointment, reappointment, dismissal and remuneration of the auditors and establish that all such assurance providers adhere to relevant professional standards and noting that colleges are require to re-tender for its external auditors at least every 5 years and to consider both the quality of the audit service required as well as the cost.
4. Inform the Corporation of any additional services provided by the auditors and explain how independence and objectivity were safeguarded.
5. Advise the Corporation on matters of internal control and other issues included in the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the College, and management's responses to these.
6. Monitor within agreed timescales, the implementation of recommendations arising from the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the College.
7. To advise the Corporation on the scope and objectives of the work of the auditors responsible for internal assurance, noting that this service assists the Audit Committee in ensuring that it has effectively discharged its responsibilities; To ensure effective co-ordination between the financial statements audit team and the internal assurance audit team including whether the work of the funding auditor (as applicable) should be relied upon for internal assurance purposes; To consider and advise the Corporation on the audit strategy and annual internal assurance plans;
8. Oversee the College's policies on Risk Management, Anti-Fraud and Irregularity, Whistleblowing and Anti-Bribery and ensure the proper and proportionate and independent investigation of all allegations and instances of fraud and irregularity; risks around fraud have been identified and controls put in place to mitigate them; that investigation outcomes are reported to the Audit Committee; that the auditors have been informed and that appropriate follow-up action has been taken and that all significant cases of fraud or suspected fraud or irregularity have been reported to the appropriate government funding body.
9. Produce an annual report for the Corporation which must include:
    a. A summary of the Committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report;
    b. The number of meetings held in the year, and attendance records for each Audit Committee member;
    c. Any significant matters of internal control included in the management letters and reports from auditors or other assurance providers;
    d. The Committee's view of its own effectiveness and how it has fulfilled its terms of reference;
    e. The Committee's opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk assurance, management and control, and its process for securing economy, efficiency and effectiveness.
    f. Include the date of appointment of the external auditor and the remaining term of the engagement.

    The Annual Report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the Annual Report and Financial Statements has been signed and must be submitted to the relevant funding body with the Annual Report and Financial Statements.
10. Review the College's published Annual Report and Financial Statements, focusing particularly upon:
    a. Any changes in accounting policies and practices;
    b. Major judgment areas;
    c. Significant adjustments resulting from the Financial Statements audit and any unadjusted items identified during that audit;
    d. Compliance with accepted accounting standards and legal requirements;

11. To consider the development and training available to its Members and to put in place appropriate training to ensure their skills and knowledge are up to date. Where the Audit Committee identifies a gap in its existing skillset, training and development should be provided to address this in the first instance.
12. In line with best practice, the Audit Committee oversees the following additional matters: data breaches and GDPR issues.
13. To consider and advise the Corporation on relevant reports by the National Audit Office (NAO) and statutory funding bodies, and where appropriate, management's responses to these;
14. To establish, in conjunction with College Management, relevant annual performance measures and indicators and to monitor the effectiveness of the auditors and internal assurance service, through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
15. To review and advise the Corporation annually on the adequacy of the College's financial regulations.
16. To be informed of all additional services undertaken by the auditors and assurance providers.

REPORTING PROCEDURES

The Chair of the Committee shall present a summary report of the Committee's agenda at the subsequent Corporation meeting and the minutes of the meeting will be circulated to the Corporation.

The Committee will present an annual report on its work to the Corporation

POWERS

In order to exercise its role, the Audit Committee shall have the power:

1. To investigate any activity within its terms of reference.
2. To seek any information or explanations it considers necessary from the auditors, Governors, Committees and College Staff, and also relevant information from sub-contractors and other third parties. The committee may also obtain external professional advice if required.
3. The Audit Committee has the power to authorize the commissioning of audit work on behalf of the Corporation, and to advise the Chair of Corporation accordingly.
4. The Audit Committee is delegated the responsibility by the Corporation of the approval and review of the Public Interests Disclosure Act Policy (Whistleblowing), the Anti-Fraud and Irregularity Policy, the Risk Management Policy and the Anti-Bribery Policy.
5. 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 of quoracy), to exclude any, or all, participants and observers, except the Clerk to the Corporation.

NOTE: terms of appointment for internal audit is on an annual basis so no end of contract term, the same currently with external audit.