

Audit Committee

Terms of Reference 2020/21

1 Objectives

1.1 The Audit Committee shall advise the Corporation on the adequacy and effectiveness of the College's assurance framework. In particular the Committee shall advise and support the Corporation in fulfilling its roles and responsibilities, including its responsibility for providing the assurances required in the Statement of Corporate Governance and Internal Control in the annual accounts.

2 Membership

2.1 The Committee shall be appointed by the Corporation on the advice of the Search Committee and shall consist of 5 Corporation Members.

2.2 Membership precludes the Chair of the Corporation, Staff Governors, the Principal and other senior postholders, and Governors with significant interests in the College.

2.3 A quorum shall be 3 members.

2.4 The Committee must ensure that it maintains its independence when considering the appointment of members.

2.5 The Committee should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the Committee should have recent, relevant experience in risk management, finance, audit and assurance.

2.6 The Committee must not adopt an executive role.

3 Appointment of Chair and Vice Chair

3.1 At the first meeting of the Committee of each College year, the members shall appoint a Chair and Vice Chair from among their number.

3.2 The Chair and Vice Chair shall hold office for one year, and until the first meeting of the Committee of each College year.

3.3 At the end of the term of office the Chair and Vice Chair shall be eligible for re-appointment.

3.4 If the Chair and Vice Chair are absent from any meeting of the Committee, the members shall choose one of their number to act as Chair for that meeting.

4 Meetings

4.1 Attendance

- The Executive Director Finance and Resources shall normally attend meetings of the Audit Committee.

- At the invitation of the Audit Committee, a further senior member of staff designated by the Principal may also attend.
- The Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary, including representatives of the external and/or internal auditors.
- Other Corporation members shall have a right of attendance, save that the Committee may, when they are satisfied that it is appropriate, meet with representatives of the external and/or internal auditors without elected staff or student members being in attendance.
- The Clerk to the Corporation shall be the 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 quoracy rules, to exclude any or all participants and observers.

4.2 Frequency of Meetings

- Meetings shall be held not less than three times per year.
- The external auditor and reporting accountant may request a meeting of the Audit Committee or with the Chair of the Audit Committee should they consider that one is necessary. The meetings may be held with or without other participants, as appropriate.

5 Authority

- 5.1 The Committee is authorised by the Corporation to obtain external legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary.
- 5.2 The Committee may consider and, if appropriate, investigate, or commission investigations into any activity within its terms of reference, including, any complaints relating to alleged fraud or other financial irregularity or malpractice at the College in accordance with the College's financial regulations and procedures.
- 5.3 The Committee has the power to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

6 Duties

6.1 The duties of the Committee shall be:

- (i) to assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of its assets;
- (ii) to act as the Risk Committee, reviewing and overseeing responsibility for the Board Assurance Framework on behalf of the Corporation, identifying and reviewing the key risks to which the College is exposed, approving the risk

management policy, risk register and action plan against significant risks, and monitoring the action plan against significant risks;

- (iii) to advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal audit and other assurance providers and establish that all such assurance providers adhere to relevant professional standards;
- (iv) to approve the annual audit plans for both the external auditor and reporting accountant and internal auditor;
- (v) to inform the Corporation of any additional services provided by the external auditor, reporting accountant, internal audit and other assurance providers, and to explain how independence and objectivity have been safeguarded;
- (vi) to advise the Corporation on matters of internal control and other issues included in the management letters and reports of the external auditor and reporting accountant and of any reports submitted by other providers of audit and assurance services to the College, and management's responses to these;
- (vii) to review and consider the reports of the external auditor, reporting accountant, internal audit and other assurance providers, and monitor the implementation of recommendations to agreed timescales;
- (viii) to monitor, within agreed timescales, the implementation of recommendations arising from any reports of audit and assurance providers;
- (ix) to establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the external auditor and reporting accountant and internal 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;
- (x) to produce an annual report for the Corporation summarising the Committee's activities relating to the financial year under review, including:
 - a summary of the work undertaken by the Audit Committee during the year;
 - any significant issues arising up to the date of preparation of the report;
 - any significant matters of internal control included in the reports of audit and assurance providers;
 - the Audit Committee's view of its own effectiveness and how it has fulfilled its terms of reference;
 - the Audit 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.

The annual report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the Audit Committee's Annual Report must be submitted to the relevant funding body with the annual accounts;

- (xi) to consider and advise the Corporation on relevant reports from the National Audit Office, funding bodies and other ad hoc reports, and, where appropriate, management's response to these;
- (xii) to oversee the College's policies on and processes around fraud, irregularity, impropriety and whistleblowing, and ensure:
 - the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
 - that investigation outcomes are reported to the Audit Committee;
 - that the external auditor and internal auditor have been informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned / actioned;
 - that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weaknesses or breakdown in the accounting or other control framework are reported to the ESFA as soon as possible;
 - risks around fraud have been identified and controls put in place to mitigate them.
- (xiii) to recommend the annual Report and Financial Statements to the Board for approval;
- (xiv) to consider other matters, as determined from time to time by the Corporation.

7 Reporting Procedures

- 7.1 The Clerk to the Committee shall circulate minutes of the meetings of the Committee to all Corporation Members.