

Audit Committee - Constitution and Terms of Reference

1. Constitution and Membership

- 1.1 The Corporation shall appoint between five and seven members to the Committee, the majority of whom should be external Members, on the recommendation of the People Strategy & Governance Committee.
- 1.2 The Corporation Chair, Principal, Staff and Student Members may not be appointed.
- 1.3 To avoid potential conflicts of interest, Committee members should not be members of the Resource Committee and vice-versa.
- 1.4 To allow the Committee to discharge its duties effectively it should include individuals with an appropriate mix of skills and experience. Collectively, Committee members should have recent, relevant risk management, finance, audit and assurance experience.
- 1.5 Quorum: the Committee shall be quorate when 2 members are present. Where there are only two Members present and in the event the Committee, in line with its delegated powers, is required to make a decision, the Committee in its discretion shall either:
 - make the decision as long as both Members agree; or
 - defer that decision to the next scheduled committee meeting; or
 - call for an electronic resolution where the decision is time sensitive.
- 1.6 Appointment of Chair and Deputy Chair:
 - A Chair and Deputy Chair will be appointed by the Committee.
 - If the Chair is unavailable, the Deputy Chair will chair the meeting.

2. Clerking Arrangements

- 2.1 The Committee clerk will be the Clerk to the Corporation.

3. Attendance at Meetings

- 3.1 Attendance will generally be limited to Committee members, the Clerk, the Executive Director Finance and Risk and any persons expressly invited to attend all or part of a meeting. Corporation Members who are not committee members may also attend.
- 3.2 The Committee:
 - will invite the Principal to at least one meeting a year; generally when it receives the draft Financial Statements and agrees its annual report for the Corporation;
 - may invite other members of staff to attend, to discuss matters for which they have relevant responsibility.
- 3.3 Representatives from the external and internal auditor services will be invited to attend meetings.

4. Proceedings and Frequency of Meetings

- 4.1 The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle, and otherwise as required.

5. Reporting Procedures

- 5.1 Minutes of the meeting, following agreement with the Committee Chair, will be presented to the subsequent Corporation meeting, regardless of whether they have been confirmed as being a true record by the Committee.
- 5.2 The Committee Chair shall complete an assurance report which, together with Committee minutes, will be presented to the next scheduled Corporation meeting. The Committee Chair will present the assurance report to the Corporation, highlight relevant matters and make whatever recommendations the Committee deems appropriate, on any area within its remit where action or improvement is needed.
- 5.3 The Committee Chair shall present the Annual Audit Committee Report and formally report to the Corporation as to how the Committee has discharged its responsibilities and (where relevant) highlight:
 - significant issues the Committee considered in relation to the financial statements and how these were addressed;

- the Committee's assessment of the effectiveness of the external audit process;
- the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
- any other issues on which the Corporation has requested the Committee's opinion.

6. Authority

- 6.1 It is a condition of College funding and the Post-16 Audit Code of Practice that the Corporation must establish an Audit Committee.
- 6.2 The Corporation, in appointing Committee members has a responsibility to maintain the Committee's independence.
- 6.3 The Corporation must set out clear terms of reference for the Committee. These should reflect accepted good practice and must set out, as a minimum, the requirements included within the Post-16 Audit Code of Practice.
- 6.4 The Committee must not adopt an executive role.
- 6.5 The Corporation has adopted the Code of Good Governance for English Colleges and the Committee, where relevant, will apply its principles on a 'comply or explain' basis.

7. Delegation

- 7.1 The Corporation shall delegate the following matters to the Committee:
- 7.1.1 The power to conduct investigations into any matters within its scope of responsibility and obtain, at the College's expense advice and assistance from outside legal, accounting, or other advisers, as necessary to perform its duties and responsibilities.
- 7.1.2 The right to access all the information and explanations it considers necessary, from whatever source, in order for it to carry out its duties and responsibilities.
- 7.1.3 At regular intervals review the sufficiency, appropriateness and value for money of the College insurance policy and approve the final insurance level, type and provider.

8. Purpose

- 8.1 The Audit Committee is established to exercise independent scrutiny to:
- advise the Corporation on the adequacy and effectiveness of its assurance framework; and
 - advise and support the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

9. Duties

9.1 Effectiveness and Financial Control

The Committee shall be responsible for:

- 9.1.1 Assessing and providing the Corporation with an opinion on the adequacy and effectiveness of the its assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and safeguarding of its assets.
- 9.1.2 Producing an annual report for the Corporation, summarising the Committee's activities relating to the financial year under review, including:
- a summary of the work it has undertaken during the year;
 - any significant issues arising up to the date of preparation of the report;
 - any significant matters of internal control included audit and assurance provider reports;
 - a view of its own effectiveness and how it has fulfilled its terms of reference;
 - its opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes.
- 9.1.3 Submitting its annual report to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed.
- 9.1.4 Reviewing and scrutinising the annual regularity self-assessment questionnaire to support the drafting of the statement of regularity, propriety and compliance (RSAQ).

9.2 Risk Management

The Committee shall be responsible for:

9.2.1 Ensuring Corporation policies provide for the development and implementation of a robust and embedded risk management strategy which:

- set out proactive and effective processes for identifying potential risks, ensuring key risk are not overlooked;
- provides for the detailed and objective assessment and evaluation of identified risks, their impact and likelihood;
- requires the identification and implementation of actions to mitigate risks;
- ensures risks are understood and managed at all relevant organisational levels.

9.2.2 Undertaking a regular review of strategic risks and receive reports on mitigating actions taken, make recommendations to the Corporation for further action and provide adequate information in a timely manner to the Corporation on the status of risks and controls.

9.3 Internal Audit

The Committee shall be responsible for:

9.3.1 Advising the Corporation of the appointment, re-appointment, dismissal and remuneration of the internal auditor, reporting accountant and other assurance providers and establish that all such assurance providers adhere to relevant professional standards.

9.3.2 Informing the Corporation of any additional services provided by the internal auditor, reporting accountant and other assurance providers and explain how independence and objectivity were safeguarded.

9.3.3 Considering, and advising the Corporation on any internal audit and assurance provider reports, annual reports and on control issues included within internal audit and assurance provider reports and management's responses to these.

9.3.4 Monitoring within agreed timescales, the implementation of recommendations arising from audit and assurance provider reports.

9.3.5 Considering, and advising the Corporation on an audit needs assessment and recommend the approval of the three year internal audit strategy and annual internal audit plan.

9.3.6 Monitoring the effectiveness of the internal audit service and any assurance provider.

9.4 External Audit

The Committee shall be responsible for:

9.4.1 Advising the Corporation of the appointment, re-appointment, dismissal and remuneration of the external auditor, and establish it adheres to relevant professional standards.

9.4.2 Informing the Corporation of any additional services provided by the external auditor and explain how independence and objectivity were safeguarded.

9.4.3 Monitoring the effectiveness of the external audit service.

9.5 Policies

The Committee shall be responsible for:

9.5.1 Overseeing the Corporation's policies on fraud, irregularity and whistleblowing and ensure:

- the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
- investigation outcomes are reported to the Committee;
- the external auditor (and internal auditor if applicable) has been informed;
- appropriate follow-up action has been planned / actioned; and
- that all significant cases of fraud or suspected fraud or irregularity are reported to the ESFA;
- risks around fraud have been identified and controls put in place to mitigate the risk.

9.5.2 Scrutinising and recommending to the Corporation for approval, the policies set out in Appendix 1.

9.6 Other

The Committee shall be responsible for:

9.6.1 Undertaking an annual review of its effectiveness.

9.6.2 Receiving regular briefings and updates on matters relating to the Committee's remit and scope of responsibility.

Appendix 1

Policies	Committee Review and Recommend
GDPR Policy	Audit
Disaster Recovery and Business Continuity Policy	Audit
Financial Regulations	Audit
Freedom of Information Policy	Audit
Health and Safety Policy	Audit
Public Interest Disclosure (Whistleblowing) Policy	Audit
Reserve Policy	Audit
Risk Management Policy	Audit

