

Audit Committee – Terms of Reference

Purpose:

The purpose of the Audit Committee is to assist the Corporation Board in its oversight role of the Audit, Assurance, Risk Management and Information Governance functions to ensure that the College's strategic objectives are achieved and to advise on matters relating to the Corporation's audit arrangements and systems of internal control. The Committee must be assured that all relevant legal and compliance requirements are being met.

Authority:

The Committee is established in accordance with paragraph 4 and 6 of the Articles of Government, known as "The Audit Committee".

The Committee's actions are open to scrutiny and approval by the full Corporation. The delegation of functions does not absolve the Corporation from accountability for the conduct and decisions of its committees. The Corporation remains responsible for the proper conduct of the College for undertaking its duties under the instruments and articles of government and for complying with the other legislation to which it is subject. The Terms of Reference of the Committee may be varied at any time by the Corporation.

Where there is delegated authority for approval, this must be in line with the Board approved College Strategy and relevant underpinning strategies, any deviation from this must be referred to the Board.

Remit:

The Board has delegated responsibility to the Committee to:

Assurance

- Assess and provide the Board with an opinion on the adequacy and effectiveness of the corporation's assurance arrangements and framework of governance. This may include the board assurance framework, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets. **Reporting: Audit Committee Annual Report.**
- Consider the development of members and 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. **Reporting: Audit Committee Annual Report.**
- 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 Committee during the year.

- The number of the meetings held in the year, and attendance records for each audit committee member.
- 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.
- Details of the date of appointment of the external auditors and the remaining term of the contract.
- The Committee's view of its own effectiveness and how it has fulfilled its terms of reference.
- The Committee's opinion on the adequacy and effectiveness of the corporation's assurance arrangements, assurance over subcontracting, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.

Reporting: Audit Committee Annual Report.

- Ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity. **Reporting: Notifications and Disclosures / Policies.**
- Ensure investigation outcomes are reported to the Audit Committee. **Reporting: Notifications and Disclosures.**
- Ensure the external auditor (and internal auditor if applicable) is informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned. **Reporting: Notifications and Disclosures.**
- Ensure all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, cybercrime, major weakness or breakdown in the accounting or other control framework are reported to ESFA, and other relevant funding authorities, as soon as possible. Please report any actual or suspected cases of significant fraud, including cybercrime, to ESFA via the 'allegations' mailbox at allegations.mailbox@education.gov.uk. **Reporting: Notifications and Disclosures.**
- Ensure risks around fraud have been identified and controls put in place to mitigate them. **Reporting: Notifications and Disclosures.**

Have strategic oversight of:

- Compliance with the Post-16 Audit Code of Practice. **Reporting: Post-16 Audit Code of Practice.**
- Compliance with the College Accounts Direction. **Reporting: College Accounts Direction.**
- Completion of the Self-Assessment Questionnaire, completed as part of the preparation for the drafting the Statement on Regularity, Propriety and Compliance. **Reporting: Self-Assessment Questionnaire.**

- Arrangements to manage and control delivery subcontractors. **Reporting: Subcontractor Controls.**

Internal Audit

Have strategic oversight of:

- The tendering process for the appointment of internal auditors. **Reporting: Internal Auditor Appointment.**
- Progress of the Internal Auditor plan of work. **Reporting: Internal Audit Plan Update.**
- The reports following internal audit, and the completion of recommendations / management response. **Reporting: Internal Audits / Rolling Recommendations Tracker.**

Recommend:

- The appointment, reappointment, dismissal and remuneration of the internal auditor for Board approval. **Reporting: Internal Auditor Appointment.**
- The Internal Audit Plan for the following year, for Board approval. **Reporting: Internal Audit Plan.**

Complete:

- An annual performance review of the work of the Internal Auditor. **Reporting: Evaluation of Internal Auditor Performance.**

External Audit

Have strategic oversight of:

- The tendering process for the appointment of external auditors. **Reporting: External Auditor Appointment.**
- Progress of the External Auditor plan of work. **Reporting: External Audit Update.**
- The reports following external audit, and the completion of recommendations / management response. **Reporting: External Audit / Rolling Recommendations Tracker.**

Recommend:

- The appointment, reappointment, dismissal and remuneration of the external auditor for Board approval. **Reporting: External Auditor Appointment.**
- The External Audit Plan for the following year, for Board approval. **Reporting: External Audit Plan.**

Complete:

- An annual performance review of the work of the External Auditor. **Reporting: Evaluation of External Auditor Performance.**

Wider Audit

Have strategic oversight of:

- Any other wider audit activity across the College. **Reporting: Wider College Audits.**

Risk and Risk Management

Have strategic oversight of:

- The development, implementation and delivery of the College's Risk Management Policy (following recommendation and Board approval) and associated delivery plans, and monitoring of relevant KPIs. **Reporting: Risk Management Policy / Risk Register.**
- The College's overall approach to Risk Management and the effectiveness of this. **Reporting: Risk Management Policy / Risk Management Annual Report.**
- The strategic risk register, (including the consideration of risk appetite, categorisation and scoring, taking into account comments from other Committees). **Reporting: Risk Register.**

Recommend:

- The Risk Framework for Board approval. **Reporting: Risk Framework.**

Information Governance / Data Protection

Have strategic oversight of:

- Compliance with UK GDPR. **Reporting: Information Governance Annual Report.**
- Compliance with Freedom of Information legislation. **Reporting: Information Governance Annual Report.**
- Risks around data protection, business continuity and cyber security and that they have been identified and controls put in place to mitigate them. **Reporting: Risk Register / Information Governance Annual Report / Business Continuity.**
- Any breaches relating to cyber security / data breaches. **Reporting: Information Governance Annual Report.**

Policies

Recommend:

- Relevant policies relating to the remit of the Audit Committee which require Board / Committee approval, ensuring alignment to the College strategy.
Reporting: Policies.

Other

- To carry out matters in line with the above not specifically referenced, or as the Corporation refers.

Reporting:

The Director of Governance & Compliance will share Chair approved Committee minutes as part of the next Board Meeting for information. This shall be alongside the Chair's update, highlighting key points from the meeting.

Composition:

The Committee shall comprise a minimum of 4 members, the majority of which must be Corporation Members. Co-opted members are able to be appointed to the Committee.

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

Frequency of Meetings

The Committee will meet not less than 3 times per year.

Quorum:

The quorum for meetings shall be 3 members, including Co-opted members, the majority of which must be Corporation Members.

Chair:

The Chair of the Committee will be appointed by the Corporation.

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

Vice Chair:

A Vice Chair will be appointed by the Committee at the first meeting of each academic year.

Term of Office:

Appointment of members of the Committee will cease either; at the end of their term of office as a governor or following a review of Committee Membership approved by the Board.

Members may terminate their membership by notice of resignation to the Director of Governance & Compliance.

Other Arrangements:

The Committee is authorised by the Corporation to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary.

Papers, unless confidential / where appropriate, will be circulated to all meeting invitees in advance of a meeting.