



Gateshead College Further Education Corporation

Audit Committee Terms of Reference

Part one: Committee Terms

Part Two: Committee Rules of Procedure

Date adopted: 2 October 2020

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Date of next review: [October 2022]

Nothing in this document is meant to override the provisions of the Instrument and Articles of Government in force from time to time which at all times are to be regarded as the primary sources of guidance.

Where there is any inconsistency between this document and the Standing Orders, these terms of reference shall prevail.

PART ONE

Committee Terms

1. Purpose

- 1.1 To ensure adequate controls and systems in place to ensure proper use of College funds, and to protect the College from risk (financial and otherwise).

2. Membership

- 2.1 The Committee shall comprise of up to 5 members, as follows:

2.1.1 Up to four Corporation members nominated by the Corporation; and

2.1.2 Up to one external (non-Corporation) Committee member, with experience in delivering internal audit services, or managing the results of internal audit, or delivering a sound framework of internal control in a business as complex as a college, approved by the Corporation.

- 2.2 The Chair, the Vice Chair(s), the Principal, and Corporation members who sit on the Finance and General Purposes Committee shall be ineligible for appointment to the Audit Committee, save that the Principal shall and other persons may, on invitation of the Committee, attend meetings of this Committee.

- 2.3 The Chair of the Committee shall be nominated by the Corporation.

3. Quorum

- 3.1 The quorum for meetings of the Committee shall be three.

4. Meeting Frequency

- 4.1 The Committee will meet at least once per term or more frequently as required.

5. Remit

- 5.1 To advise the Corporation 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).

- 5.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and internal audit service (IAS).

- 5.3 To advise the Corporation on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor, where appointed.

- 5.4 To ensure effective co-ordination between the IAS, the funding auditor, where appointed, and the financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.

- 5.5 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the IAS.

- 5.6 To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor, including their work on regularity, and the funding auditor, where appointed, and the management's responses to these.

- 5.7 To consider and advise the Corporation on relevant reports by the NAO, the SFA/YPLA and other funding bodies, and where appropriate, management's response to these.
- 5.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and spot-check reports, where appointed, and the financial statement's auditor's management letter.
- 5.9 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.
- 5.10 To produce an annual report for the Corporation and the Principal, as Accounting Officer, which includes 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, the funding auditors, where appointed, and the financial statements auditor.
- 5.11 To ensure that all allegations of fraud and irregularity are properly followed up.
- 5.12 To be informed of all additional services to be undertaken by the IAS, the financial statements auditors and the funding auditors, where appointed.
- 5.13 Jointly with the Finance and General Purposes Committee to recommend the annual financial statements to the governing body for approval.
- 5.14 In order to exercise its role the Committee shall have the power to:
 - 5.14.1 investigate any activity within its terms of reference;
 - 5.14.2 seek any information it requires from the IAS, the funding auditors and the financial statements auditors, governors, committees and College employees, plus relevant information from subcontractors and other third parties; and
 - 5.14.3 obtain external professional advice.
- 5.15 The Committee is entitled, wherever 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.
- 5.16 To refer to the Corporation any of the following matters:
 - 5.16.1 any matter affecting the solvency of the Corporation;
 - 5.16.2 any item which may have a detrimental or adverse impact on the Corporation's reputation or its charitable status;
 - 5.16.3 any item which affects the educational character of the Corporation or its mission;
 - 5.16.4 any decision which requires investment by the Corporation of an amount more than that for which this Committee has delegated authority under any financial regulations in force from time to time;
 - 5.16.5 any matter which poses a material risk to the Corporation or its finances;
 - 5.16.6 any matter which deviates from or conflicts with the Corporation's agreed strategic plan; and

- 5.16.7 any item of business in relation to which a decision may not be made without due consideration having been given to it either by the Corporation, or by another committee of the Corporation.

For the avoidance of doubt, it shall be for the Chair of the Committee to determine, following consultation with Committee members, whether a matter or decision is one which must be presented to the Corporation for approval under this paragraph 5.16.

5.17 To report to the Corporation on its activity at each Corporation meeting by:

- 5.17.1 an overview of the work of the Committee from its chair;
- 5.17.2 the presentation of a RAG rated report, demonstrating performance of the Corporation in relation to the remit of this Committee against agreed performance objectives; and
- 5.17.3 the presentation of further reports to the Corporation on a “by exception” basis.

PART TWO

Committee Rules of Procedure

Save as stated in the Committee Terms of any committee, the following rules of procedure (**Rules**) shall apply to the committees of the board of governors of the Gateshead College Further Education Corporation (**Corporation**).

Paragraph 7 of the Standing Orders shall apply to each of the committees (**Committees**).

1. Membership and Chair	<p>1.1 The membership for each Committee meeting is as stated in Part One.</p> <p>1.2 Except for any ex officio Committee members, the continuation of membership of all other Committee members shall be subject to annual confirmation by the Corporation on the recommendation of the Governance Committee. If such annual confirmation does not occur (for whatever reason) such Committee members shall be deemed to have continued in office.</p> <p>1.3 In appointing persons to be members of the Committees, regard shall be had to the need to ensure that the Committee membership comprises the right mix of skills and expertise needed to discharge the functions of the Committee and which can effectively challenge and oversee the work of the senior post-holders and the wider staff of the College.</p>
2. Clerk	<p>2.1 The Clerk to the Corporation shall act as Clerk to the Committees except, in the case of the People and Remuneration Committee, where the remuneration or performance of the Clerk is under consideration. At such times that Committee will appoint one of their membership to keep a record of discussion or will engage a temporary Clerk.</p>
3. Committee Meetings	<p>3.1 The quorum for each Committee meeting is as stated in Part One.</p> <p>3.2 If the number of Committee members falls below the quorum, the remaining Committee members may temporarily co-opt an additional Committee member(s) in order to meet the quorum, provided that the Clerk is notified immediately. The Clerk shall ensure that the Governance Committee either confirms the temporary appointment or recommends such other Corporation member as it sees fit to fill the vacancy and that the recommendation is put to the Corporation members at the next Corporation meeting.</p> <p>3.3 Every matter of the Committee shall be decided by a majority of votes and in the case of equality of votes, the Chair of the Committee shall have a casting vote.</p> <p>3.4 Any Committee member may request that an item be included on the agenda of a Committee meeting, but the agenda shall be approved by the Chair of the Committee.</p> <p>3.5 All Committee meetings shall comply with the requirements for Corporation meetings set out at paragraphs 4.3, 4.4, 4.8 and 4.10 of the Standing Orders where all references to 'Corporation' shall be deemed to read 'Committee' and all references to 'Chair' shall be deemed to read 'Chair of the Committee' in this regard unless the context requires otherwise.</p>

	<p>3.6 Committee meetings will generally be held upon seven days' notice unless the circumstances require a meeting to be held on shorter notice.</p> <p>3.7 Minutes of the Committee meetings shall be sent to the Corporation by the Clerk after approval by the following Committee meeting.</p>
4. Conduct	<p>4.1 The Code of Conduct shall apply equally to Committee members and Committee meetings as it does to Corporation members and Corporation meetings.</p>
5. Attendance at Committee meetings	<p>5.1 Only Committee members and the Clerk and (if not already a Committee member) the Principal shall be entitled to attend meetings of the Committees as of right.</p> <p>5.2 Any other person who wishes to attend a meeting of the Committee may do so but with the consent of the Committee.</p> <p>5.3 The presence of such persons, and any point in a Committee meeting they attend at which they leave the meeting, shall be recorded in the minutes. Other than at the specific invitation of the Chair of the Committee, speaking and voting rights shall be confined to Committee members. The Chair shall have the power to ask any such person to withdraw at any point in the meeting.</p> <p>5.4 For the avoidance of doubt, only Committee members shall be entitled to vote on resolutions relating to the business of the Committee.</p> <p>5.5 The Committee may invite other persons to attend meetings to provide advice and evidence to assist the Committee.</p> <p>5.6 Members of the Committee may attend meetings in person or by suitable electronic means, including telephone conference, provided all Committee members are able to fully participate.</p> <p>5.7 Where a member is unable to attend a meeting, he or she may appoint a proxy (who must be a member of the committee) to vote on any proposed resolutions on his or her behalf. That proxy shall vote in accordance with the direction of the member appointing him or her. A member wishing to appoint a proxy should notify the Clerk in advance of the meeting.</p>
6. Taking decisions outside of Committee meetings	<p>6.1 A decision of the Committee members may be made in writing, provided that a majority of the Committee members and would have formed a quorum and they signify their agreement to the decision either by signing a copy of it or by such other method as is stipulated by the Clerk at the time of circulation.</p>
7. Conflicts	<p>7.1 Any member who has a direct or indirect conflict of interest or loyalty in a matter to be discussed at a Committee meeting shall declare such conflict to the Chair at the earliest opportunity. In the case of the Chair, he/she shall declare such conflict to the members. In such cases, the member concerned shall not take part in the discussion relating to the matter (unless invited to provide information to the Committee), shall withdraw from the meeting at the point any decision is taken in relation to the same and shall not count towards the quorum for that part of the meeting.</p>

	7.2	In cases where, as a result of a Member declaring a conflict of interest or loyalty the quorum for the meeting is no longer met, the quorum for that part of the meeting shall be reduced by one for each such conflicted Member provided that the quorum is no less than two unconflicted members and includes at least one appointed or co-opted member.
8. Termination of Committee membership	8.1	Other than the ex officio Committee members, a Committee member may resign from office at any time by giving notice in writing to the Clerk.
	8.2	Any person who is a Committee member by virtue of being a Corporation member shall cease to hold office upon ceasing to be a Corporation member for whatever reason.
	8.3	Any person who is an ex officio Committee member shall cease to hold office upon ceasing to hold the office that entitles them to be a Committee member.
	8.4	Except for the ex officio Committee members, if at any time the Corporation is satisfied that the Committee member is unfit or unable to discharge the functions of a Committee member or has been absent from Committee meetings for a period longer than six consecutive months without the permission of the Chair of the Committee, the Corporation may remove the Committee member by notice in writing.
	8.5	Any co-opted Committee member may be removed by resolution of the Committee.
9. Branding and Reputation	9.1	The Committee shall, in relation to its decisions, consider the impact of those decisions on the brand and reputation of the College and shall subject to their legal duties act so as to uphold the same.
10. Adoption and Variation	10.1	These Terms of Reference may be adopted, amended, replaced or deleted by the Corporation.