

Audit Committee – Terms of Reference 2026/2027

Purpose:

The purpose of the Audit Committee is to assist the Corporation Board in its oversight role of the Audit, Assurance, Risk Management and Internal Control 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.

The Audit Committee must not adopt an executive role, nor duplicate the work of the Finance and General Purposes Committee, but will provide independent scrutiny, challenge and assurance to the Corporation on the adequacy and effectiveness of governance, risk management, internal control and assurance arrangements.

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.

The Committee will have the opportunity to meet privately with the internal and external auditors, without management present, at least annually.

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 request 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.

- Undertake an annual self-assessment of the Audit Committee's effectiveness and report the outcomes to the Corporation. **Reporting: Audit Committee Self-Evaluation**
- Ensure there is a clear policy relating to fraud, anti-bribery and corruption, including how concerns can be raised and how they will be handled. **Reporting: Fraud and Corruption Statement / Anti-Bribery Policy / Notifications and Disclosures**
- 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 DfE, and other relevant funding authorities, as soon as possible. Please report any actual or suspected cases of significant fraud, including cybercrime, to the DfE via allegations.mailbox@education.gov.uk. **Reporting: Notifications and Disclosures.**

- Ensure there are mechanisms for risks around fraud to be identified and controls put in place to mitigate them. **Reporting: Risk Register / Internal Audit Reports / Recommendations Tracker.**
- Ensure there is a clear policy for whistleblowing, including how concerns can be raised and how they will be handled. **Reporting: Whistleblowing Policy / Notifications and Disclosures**
- Ensure there is a clear policy for managing actual and potential conflicts of interest and review the register of interest at least annually. **Reporting: Conflicts of Interest Policy / Register of Interests**

Have strategic oversight of:

- Compliance with the Framework for auditors and reporting accountants of colleges. **Reporting: Framework for auditors and reporting accountants of colleges**
- Compliance with the College Accounts Direction. **Reporting: College Accounts Direction.**
- Compliance with the College financial handbook. **Reporting: College financial handbook.**
- 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, following Committee input and development. **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 and the completion of recommendations **Reporting: Wider College Audits.**

Annual Financial Statements and Accounts

Have strategic oversight of:

- The adequacy and effectiveness of the Corporation's assurance arrangements, framework, and governance, including its risk management and control processes. **Reporting: Audit Committee Self-Evaluation, Audit Committee Annual Report, Audit Regularity Self-Assessment Questionnaire, External Auditor Completion Report, Draft Financial Statements.**
- The review (and provide reassurance to the Corporation) on the processes underpinning the Accounting Officer's Statement on Regularity, Propriety and Compliance, including consideration of the Reporting Accountant's Regularity Report and any matters of material significance reported to the Department

for Education. **Reporting: Audit Committee Self-Evaluation, Audit Committee Annual Report, Audit Regularity Self-Assessment Questionnaire, External Auditor Completion Report, Draft Financial Statements.**

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, including the alignment between strategic risks, controls and sources of assurance, including the adequacy of assurance coverage across the Corporation's strategic risks. **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 (Policy and register).**

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. The Committee are able to appoint co-opted members.

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).

Those not eligible to be members are:

- The Chair of the Corporation
- Members of the Finance and General Purposes Committee
- Senior Post Holders

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 whom shall be Corporation members.

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 Director of Governance & Compliance is notified immediately. Where a period of absence is expected to be longer than one meeting, the Governance Committee will be asked to recommend an appropriate governor for temporary appointment to the relevant Committee for Board approval.

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.