

## **ANNEX E OF STANDING ORDERS: AUDIT COMMITTEE TERMS OF REFERENCE**

### **Scope of the Committee**

The Audit Committee of the Board of Governors is constituted under Corporation's Instrument and Articles of Government, to advise the Board on matters relating to the Board's audit arrangements and systems of internal control, risk management and governance processes. These terms of reference reflect the Minimum Terms of Reference set out in the Funding Agencies' Joint Audit Code of Practice.

The Audit Committee must not adopt an executive role.

### **Membership**

- The Committee should comprise at least 5 Members, at least three of whom should be full members of the Board of Governors;
- The Board has powers to appoint up to two co-opted members to the Committee to meet its skills needs
- At least one Committee member should have relevant audit/financial experience
- The Board should appoint a Chair of Audit Committee from its members for such time as the Board determines
- The quorum for the Committee should be three, at least two of whom should be governors
- In order to maximise the Committee's independence and objectivity, the following people are not eligible to sit on the Committee:
  - The Chief Executive Officer
  - Other staff with executive responsibilities at senior level;
  - The Chair of the Board of Governors;
  - Governors who have significant interests in the College;
  - Staff Governors
- The Committee shall be clerked by the Clerk to the Corporation
- The Committee may invite the Board's advisers or other third parties to attend meetings of the Committee as appropriate. Such people shall not have a vote but shall be entitled to speak at the meeting.

### **Terms of reference**

- To advise the Board on the adequacy and effectiveness of the College's audit arrangements, framework of governance, risk management and systems of internal control and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.
- To advise the governing body on the appointment, reappointment, dismissal and remuneration of the college External and Internal auditors and other assurance providers. This shall involve annual consideration and examination of reappointment at least every five years
- To advise the governing body on the scope and objectives of the work of the Internal Audit Service, the External Auditor, and other audit providers and to recommend audit plans to the Board for approval

- To ensure effective co-ordination between the Internal Auditors, the Funding Auditor (where appointed) and External Auditors
- To advise the governing body on internal audit reports and on control issues included in the management letters (of the funding auditor if appointed and) of the external auditor, including their work on regularity, and management's responses to these
- To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit reports, funding audits, the external auditor's management letter and spot check reports (where appropriate)
- To consider and advise the governing body on relevant reports by the NAO, funding bodies and, where appropriate, management's response to these
- To receive reports on the audit of student data
- To establish, in conjunction with college management, relevant annual performance measures and indicators, and to monitor the effectiveness, the independence and objectivity of the College auditors and to decide, based on
- this review, whether a competition for price and quality of the audit service is appropriate
- To produce an annual report for the governing body and accounting officer. This should include:
  - A summary of the work undertaken by the 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 auditors and assurance providers
  - The committee's review of its own effectiveness and how it has fulfilled its terms of reference
  - The committee's opinion on the adequacy and effectiveness of the College's audit arrangements, risk management and control, framework of governance and its processes for securing economy, efficiency and effectiveness
- To periodically review, on behalf of the Board, the College's policies and procedures for fraud and Whistleblowing
- To ensure that all allegations of fraud, irregularity and whistleblowing are properly investigated and reported to the Committee and the auditors, and that all significant cases of fraud, suspected fraud or irregularity are reported to the chief executive of the appropriate funding body
- To be informed of all additional services undertaken by any auditor or assurance provider and explain how independence and objectivity were safeguarded
- To recommend the annual financial statements to the governing body for approval
- To undertake any other tasks delegated by the Board related to the oversight of internal control systems, risk management, regularity and propriety

### **Frequency of Meetings**

The Committee will meet a minimum of 3 times per year. The college auditors may request a meeting of the Committee if they consider that one is necessary and the Committee will endeavour to comply with such requests.

### **Conduct of Meetings and reporting arrangements**

- The college auditor/s shall be entitled to attend and speak at all meetings of the Committee, but not to vote.
- Managers may be invited to attend meetings of the Committee, particularly where their area of responsibility is under discussion, and shall be entitled to attend and speak at such meetings but not to vote.

- The Committee shall be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules as to quoracy set out above) to exclude any, or all, participants and observers, except the Clerk.
- The Committee shall be granted rights of access to obtain all the information it considers necessary from members of the staff and governors of the Board, and to consult the College auditors directly
- The business of meetings shall only be deemed confidential by resolution
- Minutes of the Meeting shall be written up by the Clerk, approved by the Chair and circulated to members
- The Committee shall report to the Board through its Minutes, including all proposals and key discussions.

#### **Audit Committee Terms of Reference**

<b>Approval Date:</b>	25 July 2018 Audit Committee Meeting 29 October 2018 Board Meeting
<b>Review Date:</b>	