

AUDIT COMMITTEE TERMS OF REFERENCE

1 Membership

- 1.1 The membership of the Committee shall be a minimum of four and a maximum of seven eligible members of the Corporation, a majority of whom should be independent governors.
- 1.2 Ineligible members are the Chair of the Corporation, members of the Resources Committee, the Principal/CEO, staff governors and student governors.
- 1.3 In accordance with the Post-16 Audit Code of Practice, no person having any interest, or perceived interest, in the College (or its advisers or suppliers) or who holds executive, management, financial or budgetary responsibilities within the College may serve on the Committee.
- 1.4 The Committee should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the Committee should have recent, relevant experience in risk management, finance and audit and assurance.
- 1.5 It is noted that Chair's action by the Chair of the Corporation may be required from time to time to maintain the minimum membership requirement.
- 1.6 Membership may include associate members, whose skills strengthen and are complementary to those of the Committee. Associates will serve as Committee members for 2 years and shall be eligible for re-appointment at the end of that period.
- 1.7 A Governor's membership of the Committee will not exceed their term of office. Membership of the committee will end in line with a members term of office as a Corporation member, or at the request of the Corporation in order to refresh overall Composition of the Committee's at the recommendation of the Governance Committee
- 1.8 The Chair of the Corporation and the Principal shall only attend the Committee when requested to do so by the Committee's Chair.
- 1.9 The Committee may invite the Corporation's advisers, auditors or other third parties to attend meetings as appropriate. Any such persons shall not have a vote but shall be entitled to speak at the meeting.
- 1.10 Any of the College's auditors may request a meeting of the Committee if they consider that one is necessary, and the Committee will endeavour to comply with any such requests.

2 Quorum

- 2.1 The quorum for meetings shall be 3 members, with independent governors constituting a majority of those present.
- 2.2 If the quorum is not achieved, any agenda items requiring a decision will either be dealt with through a written resolution or deferred to the next scheduled meeting.

3 Frequency of Meetings

- 3.1 The Committee will meet at least three times in each academic year. Additional meetings may be called as necessary in agreement with the Chair. If the Committee does not meet the minimum number of meetings, an explanation must be detailed in their annual report

- 3.2 Additional 'extraordinary' meetings will only deal with the items for which the meeting is called to address. Extraordinary meetings will not review minutes or actions of a previous meeting. These will be taken at the next scheduled meeting of the Committee.

4 Terms of reference

- 4.1 To assess and provide the Corporation with an opinion on:
- the adequacy and effectiveness of the College's audit arrangements
 - the framework of governance, risk management and control
 - the processes for the effective and efficient use of resources
 - the solvency of the institution
 - the safeguarding of its assets.
- 4.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards.
- 4.3 To advise the Corporation on the scope and objectives of the work of the Internal Audit Service, the financial statements auditor and the funding auditor (where appointed).
- 4.4 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the Internal Audit Service.
- 4.5 To ensure effective coordination between the Internal Audit Service, 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.
- 4.6 To develop and implement arrangements on the engagement of the external auditor to supply services other than for the financial statements audit or regularity audit, taking into account relevant ethical guidance. The Corporation should be informed of any additional services provided by the financial statements, regularity and other audit and assurance providers, and explain how independence and objectivity were safeguarded.
- 4.7 To review and monitor the Financial Statements auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- 4.8 To advise the Corporation on internal audit assignment reports, annual Internal Audit reports and on control and other issues included in the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the College, and management's responses to these.
- 4.9 To monitor, within agreed timescales, the implementation of agreed recommendations arising from internal audit assignment reports and the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the College.
- 4.10 To report to the Corporation identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken. Where services other than financial statements, audit and regularity audit are provided, the Corporation should explain in its Annual Report and Financial Statements how auditor objectivity and independence is nonetheless safeguarded.

- 4.11 To establish, in conjunction with the College's management, relevant annual performance measures and indicators, and to monitor the effectiveness of the Internal Audit Service and financial statements auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 4.12 To produce an annual report for the Corporation summarising the Committee's activities relating to the financial year under review, including:
- any significant issues arising up to the date of preparation of the report
 - any significant matters of internal control included in the management letters and reports from auditors and other assurance providers
 - 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 College's assurance arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency and effectiveness (value for money), the solvency of the institution and the safeguarding of its assets.

The report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the Audit Committee's Annual Report must be submitted to the relevant funding body with the annual accounts.

- 4.13 To oversee the College's policies on anti-fraud and corruption, irregularity and whistleblowing, and in this connection, ensure:
- the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity
 - that investigation outcomes are reported to the Committee
 - that the external auditors, and internal auditors, where appointed, should be informed
 - that appropriate follow-up action should be planned/actioned
 - that all significant cases of fraud or suspected fraud or irregularity are reported to the chief executive of the appropriate funding body.
- 4.14 To have oversight of matters of compliance, including, but not limited to:
- a) Data Protection including GDPR
 - b) Health and Safety
 - c) Business Continuity and disaster recovery
 - d) Cyber Security
- Oversight should include receiving updates and assurances of compliance with statutory requirements, reviewing details of incidents and mitigations as well as reviewing and recommending for Corporation approval policies in relation to the above.
- 4.15 To consider and advise the governing body on relevant reports by the National Audit Office (NAO), the Education & Skills Funding Agency (ESFA) and other funding bodies, and, where appropriate, management's response to these.
- 4.16 To have oversight of compliance with requirements imposed on public bodies as outlined in the HM Treasury 'Managing Public Money' guidance.
- 4.17 The Committee has the authority to investigate any activity within its terms of Reference and the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
- 4.18 The Committee must not adopt an executive role.

5 APPOINTMENT OF CHAIR AND VICE-CHAIR

- 5.1 The Chair will be appointed by the Corporation for a two-year term of office
- 5.2 In the event of the resignation of the Committee Chair (either as Chair or as a governor during the year), the procedure outlined in the Corporation's Standing Orders will be used to appoint a replacement Chair
- 5.3 In the temporary absence of the Chair, a Chair will be appointed from amongst the members of the Committee for that meeting only.
- 5.4 The Committee will appoint a Vice-Chair from its members who will serve for a one -year term of office. This may be an independent governor or an associate member, and usually appointed at the first meeting of each academic year.

6 CLERKING ARRANGEMENTS

The Clerk to the Corporation will provide clerking to the Committee.

7 REPORTING TO THE CORPORATION

- 7.1 The minutes of each Committee meeting will be circulated to the full Corporation.
- 7.2 The Chair of the Committee (or an agreed representative) will provide a verbal report to governors at the next full Corporation meeting.

8 GENERAL

- 8.1 Decisions to be made at meetings of the Committee will be determined by a majority of the votes of the members present and voting.
- 8.2 Where there is an equal division of votes, the Chair will have a second or casting vote.

Membership 2023-20234

Alex Barton (I)
Laura Bell (I)
Diane Hutchinson (I)
Carla Kennaugh (A)
Mo Kundi (I) (Committee Chair)

Chair – Mo Kundi appointed in July 2022 to commence in September 2022 for a 2-year term