



AUDIT & ASSURANCE COMMITTEE Terms of Reference

Approved by Audit & Assurance 16 June 2020 and Corporation 7 July 2020

AUTHORITY: The Audit Committee is required to be established in accordance with the Financial Memorandum. The Committee Terms of Reference comply with the Sector's Audit Code of Practice.

The role of the Committee is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money). It should not adopt an executive role.

To ensure the Committee's independence, the following are excluded from Committee membership: The Chair of the Corporation, the Principal, members of the Finance and Resources Committee, the College's professional advisers, Senior Post Holders and any other staff.

1. MEMBERSHIP AND OPERATION

- 1.1 The Committee shall comprise of a maximum of 5 members at least **3** of whom should be Corporation members, at least one of whom shall have relevant financial or audit qualifications and experience.
- 1.2 Any new Corporation member will be a member of the Committee for at least one year to understand the risks of the College.
- 1.3 Committee membership may include up to **2** co-opted, non-Corporation members with relevant business or academic experience and expertise, who have been appointed by the Corporation on the recommendation of the Search & Governance Committee.
- 1.4 The Committee Chair shall be a Corporation member who is appointed by the Corporation on the recommendation of the Search & Governance Committee.
- 1.5 In the event of the Committee Chair being unable to attend, the remaining Corporation members on the Committee should elect one of themselves as Chair for that meeting.
- 1.6 The quorum for Committee meetings shall be **3** Committee members, at least **2** of whom shall be a Corporation member.
- 1.7 The Clerk to the Corporation shall act as Clerk to the Committee.
- 1.8 The Committee shall meet at least 3 times a year, at least one of these meetings will include a confidential item with the Auditors and without management.

- 1.9 The Internal Audit Service shall attend all Committee meetings. The Financial Statements auditor is entitled to attend all Committee meetings and shall attend specific meetings when required.
- 1.10 The Deputy Principal (Finance & Commercial Services) shall attend all Committee meetings, as an Advisor, except where required to withdraw by the Committee.

2. FUNCTIONS

- 2.1 To **advise** the Corporation on the comprehensiveness and effectiveness of the College's assurance framework. This includes assessing and providing an opinion on the adequacy and effectiveness of the College's:
 - audit arrangements
 - framework of governance
 - risk management and control processes for securing economy, efficiency and effectiveness (value for money).
- 2.2 To **advise** and **support** the Corporation in fulfilling its roles and responsibilities, including its responsibility for providing the assurances required in the Statements of Corporate Governance and Internal Control in the annual accounts (as specified in the Funding Body's annual Accounts Direction).
- 2.3 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 the relevant professional standards.
- 2.4 To **advise** the Corporation on the scope, objectives and strategy of the work of any assurance providers appointed under 2.3.
- 2.5 To **ensure** effective coordination between any assurance providers appointed under 2.3.
- 2.6 To **advise** the Corporation on audit strategy, audit plans, any internal audit assignment reports and annual reports, control 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 reports.
- 2.7 To **monitor**, within an agreed timescale, the implementation of agreed recommendations arising from items listed in 2.6.
- 2.8 To **consider** and **advise** the Corporation 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.
- 2.9 To **establish**, in conjunction with College management, relevant annual performance measures and indicators, and to **monitor** the effectiveness of the Internal Auditor 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.

- 2.10 To **produce** and **submit** an annual report to the Corporation and Accounting Officer (as specified by the Post 16 Audit Code of Practice) in the Autumn of each year before the approval of the related Financial Statements.
- 2.11 To **consider** and **recommend** the annual Financial Statements and related paperwork to Corporation for approval (within appropriate guidelines)
- 2.12 To **oversee** the College's policies on fraud, irregularity and whistleblowing.
- 2.13 To **ensure** the proper, proportionate and independent investigation, and to **receive** reporting and follow-up of all allegations and instances of suspected fraud, and irregularity and impropriety. The external auditor (and internal auditor if applicable) will be informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/ actioned.
- 2.14 To **review** and **recommend** the College's Risk Management Policy and **consider** the corporate risk register regularly throughout each academic year. To **ensure** Risks around fraud have been identified and controls put in place to mitigate them.
- 2.15 To **ensure** that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to ESFA as soon as possible
- 2.16 To **ensure** all of the above are conducted in accordance with the minimum schedule of business stated in the Post 16 Audit Code of Practice.

3 REPORTING PROCEDURES

- 3.1 The minutes of each Committee meeting shall be circulated to all Corporation members for information.

4 SPECIFIC POWERS OF THE COMMITTEE

- 4.1 The Committee must be informed of all additional services undertaken by any assurance providers appointed under 2.3.
- 4.2 The Committee has the authority to investigate any activity within its Terms of Reference
- 4.3 The Committee has the right of access to obtain all the information it considers necessary from members of staff or governors, and to consult the Internal Auditors and Financial Statements and Regularity auditor directly.
- 4.4 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 to the Corporation.