

AUDIT COMMITTEE

TERMS OF REFERENCE – APPROVED BY THE BOARD 17 July 2023

1. PURPOSE

To advise the Governing Body on the adequacy and effectiveness of the company's systems of internal control and its arrangements for risk management, control and governance processes, for ensuring the solvency of the College and the safeguarding of its assets and for securing economy, efficiency and effectiveness (value for money). The Committee has no executive role.

2. RESPONSIBILITIES

- a) to keep under continuous review a Risk Register showing the strategic risks to which the College is exposed and the arrangements to mitigate or manage those risks and to provide the Governing Body with assurance as to the adequacy of those arrangements;
- b) to keep under continuous review the College's arrangements to safeguard its assets, to ensure regularity and propriety and to secure value for money, including financial regulations and policies to cover fraud, irregularity and whistleblowing and to make recommendations to the Governing Body as and when required for changes to those policies; to ensure the proper, proportionate and independent investigation of all instances or allegations of fraud or irregularity; to ensure that investigation outcomes are reported to the Committee, that auditors are informed, that appropriate follow-up action is taken and that all significant cases are reported to the appropriate funding body;
- c) to keep under continuous review the College's arrangements to safeguard young people and vulnerable adults and to safeguard all individuals from being drawn into violent extremism; to review safeguarding policies or changes to those policies prior to their adoption by the Governing Body; and to receive regular reports on the operation of the College's safeguarding policies, including details of any referrals to the Local Authority Adult Protection Unit or the Regional HE/FE Prevent Co-ordinator;
- d) to advise the Governing Body on its audit strategy and to present for approval an annual work plan for the Committee, including its proposals for obtaining assurance in relation to specific risks;
- e) to advise the Governing Body on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditor and the internal audit service provider and to establish that all assurance providers adhere to relevant professional standards;
- f) to consider and advise the Governing Body on the proposed audit strategies and annual plans of the financial statements and regularity auditor and any internal audit service provider and on the scope and objectives of their work and that of any other assurance providers including

the funding auditor;

- g) to ensure effective coordination between assurance providers, including the internal audit service provider, the funding auditor and the financial statements and regularity auditor, and to establish the extent to which the work of the internal auditor should be relied upon for financial statements audit purposes;
- h) to inform the Governing Body of any additional services provided by the internal audit service provider, the financial statements and regularity auditor or any other audit or assurance provider and explain how independence and objectivity were safeguarded.
- i) to advise the Governing Body on the outcomes of the reviews undertaken as part of the Committee's work plan (including any reviews undertaken by the internal audit service provider) the resulting impact and actions required and the implications for the Governing Body; and on control issues included in the management letters of the financial statements auditor and the funding auditor, with (in all cases) the Senior Leadership Team's responses to these;
- j) to monitor, within an agreed timescale, the implementation of agreed recommendations resulting from assurance reviews, including internal audit assignment reports, internal audit annual reports, the funding auditor's management letters and spot-check reports and the financial statements auditor's management letters;
- k) to consider and advise the Governing Body on relevant reports by the National Audit Office, the Education and Skills Funding Agency and other funding bodies, and where appropriate, the Senior Leadership Team's response to these;
- l) to establish, in conjunction with the Senior Leadership Team, relevant annual performance measures and indicators by which to assess the effectiveness of the internal audit service provider and the financial statements and regularity auditor; to monitor performance against those measures and indicators; and to make a recommendation annually to the Governing Body, based on the results of that monitoring, whether a competition for price and quality of either audit service is appropriate;
- m) to ensure that effective arrangements are in place for the management and quality assurance of data and for compliance with data protection laws; and
- n) to produce an annual report for the Governing Body, which should: summarise the work that the Committee has undertaken during the year (including the number of meetings held and the attendance of members at those meetings); provide details of the arrangements in place to obtain assurance from external sources, including the commencement date and remaining term of the College's contract with the financial statements and regularity auditor; draw attention to any significant matters arising from the work of the internal audit service provider, the funding auditor, the financial statements and regularity auditor or any other assurance provider; and include the Committee's opinion on:
 - the adequacy and effectiveness of the College's assurance

arrangements (including arrangements for assurance over subcontracting), its framework of governance, risk management and control and its processes for securing value for money;

- the quality of data available to the Governing Body; and
- the Committee's own effectiveness and how it has fulfilled its terms of reference.

3. MEMBERSHIP

- a) The Committee will comprise a minimum of four and a maximum of six members of the Governing Body, excluding the Chair of the Governing Body and the Principal
- b) In appointing members, the Governing Body will ensure that the independence and objectivity of the Committee is maintained and that members collectively have recent, relevant experience in risk management, finance and audit and assurance.
- c) The Governing Body may appoint additional members with specific experience as it thinks appropriate. Additional members need not be members of the Governing Body.
- d) No meeting of the Committee will be quorate unless:
 - i. at least three members are present;
 - ii. at least 40 per cent of members are present; and
 - iii. members of the Governing Body constitute a majority of the members present.

4 OFFICERS OF THE COMMITTEE

- a) The Committee shall elect as its Chair an external governor who is a member of the Committee.
- b) The Clerk to the Governing Body shall be the clerk to the Committee.

5. ACCESS TO INFORMATION AND ATTENDANCE AT MEETINGS

The Committee has the right to scrutinise any activity within its terms of reference and to access all the information and explanations that it considers necessary to fulfil its remit. It may engage third parties to assist it in this work and may require the attendance at meetings of:

- a) the Principal;
- b) any manager with oversight of risk management and/or financial management;
- c) any other manager with responsibility for functions that may have been the subject of an assurance review; or
- d) any assurance provider (including the financial statements and regularity auditor and any internal audit service provider).

6. FREQUENCY OF MEETINGS

The Committee will normally meet three times a year.