

AUDIT COMMITTEE

Constitution, Proceedings and Terms of Reference

1 Constitution

- 1.1 The Audit Committee will comprise at least six Members of the Corporation, one of whom will be a Staff Member
- 1.2 In accordance with the Audit Code of Practice:
 - the Committee must include at least one person, whether a Governor or not, with relevant financial/audit experience
 - the following may not serve:
 - the Principal and Holders of Senior Posts
 - the Chair of the Corporation and members of the Finance and Employment Committee
 - members of the College's staff who are governors, and who have significant executive, management, financial or budgetary responsibilities which would allow them to influence strategy decisions within the College
 - Student Governors

2 Proceedings

- 2.1 The Internal Auditor shall be invited to attend and is entitled speak at all meetings (but not vote) as shall senior management, and the External Auditor where business relevant to them is being discussed.
- 2.2 The Committee shall be entitled, whenever it is satisfied that this is appropriate, to go into confidential session and (subject to quoracy) to exclude any, or all participants and observers, except the Clerk to the Corporation.
- 2.3 The Committee shall be granted rights of access to obtain all the information it considers necessary from members of the staff and governors, and to consult the College Auditors directly.
- 2.4 The Standing Orders for the Conduct of Committee Meetings will apply.

3 Terms of Reference

- 3.1 To advise the Corporation on the effectiveness of the College's whole system of internal control, including controls for securing economy, efficiency and effectiveness (value for money).
- 3.2 To act with delegated authority from the Corporation to review, and approve where appropriate, the Financial Management and Control Evaluation as required by the Skills Funding Agency, reporting both its actions and any changes of note to the next Corporation meeting. Thereafter, to monitor on behalf of the Corporation the improvement plan, if any, and report on the same.

- 3.3 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor and the internal audit service.
- 3.4 To advise the Corporation on the scope and objectives of the work of the College Auditors, including their needs assessments and strategic audit plans. To refer to Corporation any additional work (by any of the College's auditors) which by its nature could conflict with or challenge the core audit brief.
- 3.5 To ensure effective co-ordination between the College Auditors including whether the work of the external auditors should be relied upon for internal audit purposes.
- 3.6 To advise the Corporation on the College Auditors' findings and management's response to these.
- 3.7 To consider and advise the Corporation on relevant reports by the NAO, the regulatory and funding bodies and, where appropriate, management's response to these.
- 3.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to the College Auditors' reports and management letters.
- 3.10 To establish, in conjunction with College management, relevant performance measures and indicators and to monitor the effectiveness of the College Auditors through these measures and indicators. To decide based on this review whether a competition for price and quality of audit services is appropriate.
- 3.11 To consider and recommend to Corporation a report from the Health and Safety Governor delivered in person to the Audit Committee twice each year.
- 3.12 To review the Annual Financial Statements put forward by the Finance and Employment Committee and recommend them to the Corporation for approval.
- 3.13 To produce an annual report for the Corporation and Accounting Officer that includes the Committee's advice on the effectiveness of the College's systems of risk management, control, governance processes and securing economy, efficiency and effectiveness (Value for Money). The report should incorporate any significant matters arising from the work of the College Auditors or concerning the management of risk in the College.
- 3.14 To ensure that all allegations of fraud and irregularity are properly followed up.
- 3.15 To undertake any other task which the Corporation may wish to delegate to it.

Last reviewed: March 2011