

AUDIT COMMITTEE OF THE CORPORATION TERMS OF REFERENCE

To lead the Corporation on all issues relating to audit and review and evaluation, providing independent and authoritative advice to the Corporation on the effectiveness and efficiency of internal and external control and governance and management systems as follows:

1. 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);
2. To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service;
3. To advise the Corporation on the scope and objectives of the work of the financial statements auditor, the funding auditor and the internal audit service;
4. To ensure effective co-ordination between the internal audit service, the funding auditor and the financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes;
5. To consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal audit services;
6. To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor and the funding auditor, and management's responses to these;
7. To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and spot-check reports and the financial statements auditor's management letter;
8. To consider and advise the Corporation on relevant reports by the NAO, the Learning and Skills Council and other funding bodies, and where appropriate, management's response to these;
9. To establish, in conjunction with College 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 decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
10. To produce an annual report for the Corporation and Accounting Officer which includes the Committee's advice on the effectiveness of the College's risk management, control and governance processes, systems of internal control and incorporating any significant matters arising from the work of the internal audit service, the funding auditors and the financial statements auditor;
11. To ensure that all allegations of fraud and irregularity are properly followed up; and
12. To be informed of all additional services undertaken by the Internal audit service, the financial statements auditor and the funding auditors;
13. To be responsible for the Review and Evaluation work of the corporation in accordance with the Review and Evaluation cycle approved by the Corporation and to advise on the outcomes.

In order to exercise its role the Audit Committee has the power to:

- investigate any activity within its terms of reference;
- seek any information it requires from the internal audit service, the financial statements auditor, Governors, committees and College employees, plus relevant information from subcontractors and other third parties;
- obtain external professional advice.

Membership

Membership of the Audit Committee must include an individual with relevant financial and/or audit experience who also has the independence required to serve on the Committee. Depending on the expertise available on the Corporation, the membership of the Committee will comprise either:

Five Governors who do not serve on the Finance Committee or have any related interests, at least one of whom has the relevant financial and/or audit experience;

Or

Four Governors and an individual appointed by the Corporation to the Audit Committee who can demonstrate the relevant financial and/or audit experience and required independence

Members of the Audit Committee must not adopt an Executive role. The Chairman of the Corporation is excluded from membership of the Audit Committee. A meeting of the Committee must not proceed without the presence of an individual who can demonstrate the relevant financial and/or audit professional qualification /experience and required independence.

Clerk to the Audit Committee: Clerk to the Corporation

Quoracy - Two Members of the Committee

In attendance:

Clerk to the Corporation
Principal
Vice-Principal Resources
Finance Manager
Internal Auditors
Financial Statements Auditors
Funding Auditors
Such other Governors/staff who may be required to attend from time to time.

**Terms of reference originally approved
Minute No.**

**21st June 1995
31/95(iii)**

Last Review date: 7th July 2010

Minute No: 27/10 refers

These terms of reference are currently extant and are subject to review at any time by the full Corporation.