AUDIT COMMITTEE
TERMS OF REFERENCE

	Duties and Purpose
1.1	The Audit Committee is a Committee of the Corporation (referred to as Board) established under the terms of clause 6 of the Articles of Government.
1.2	In accordance with the DfE (Department for Education) funding memorandum and Framework for auditors and reporting accountants of colleges - GOV.UK, the Governing Board resolved to establish an Audit Committee.
1.3	The purpose of the Committee is to assess and provide the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of assets.
1.4	The Committee also advises and supports the Governing Board in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities, including complying with the requirements of Managing Public Money and other obligations resulting in the reclassification of the College.
1.5	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. It may seek independent advice when required.
1.6	The Board must not add to these terms of reference responsibilities that require the Audit Committee to adopt an executive role, or its members to offer professional advice to the Board
1.7	The Committee must not adopt an executive role.
2	**Membership and Meetings**
2.1	The Committee shall consist of at least **three** members, the majority of whom shall be Independent Governors.
2.2	Persons who are not members of the Board but are deemed to have the skills required to enhance the work of the Committee may be appointed as a co-opted member of the Committee.
2.3	To maintain the Committee's independence, the Chair of the Board, any member of the Finance, Resources and Investment Committee, the Principal, staff members and staff/student governors, are **ineligible** for membership of the Audit Committee.
2.4	Collectively the Committee should have recent, relevant experience in risk management, finance and assurance.

2.5	Terms of office of members of the Committee shall last until the expiry of their term of office as a Board member unless they have been appointed for a further term of office.
2.6	Co-opted members of the Committee will be appointed by the Board and will hold office for a period of **2** years, following which they will be eligible for reappointment.
2.7	The Deputy Principal, Principal/ Chief Executive Officer shall normally attend meetings of the Committee but shall **not** have voting rights.
2.8	Non-members may be invited to attend meetings but will **not** have voting rights.
2.9	A representative from the appointed internal audit service will be expected to attend all meetings of the committee and a representative from the appointed financial statements and regularity auditors will be expected to attend as appropriate.
2.10	The Committee shall meet at least once a term virtually or in person.
2.11	Additional meetings may be called as necessary in agreement with the Chair. The Chair or any two members may call a meeting.
2.12	The Director of Governance shall act as Clerk to the Audit Committee.
2.13	Members may not vote by proxy.
2.14	The committed may meet with any of its assurance providers without any College employees present other than the Director of Governance.
2.15	The Committee shall be entitled to go into confidential session.
2.16	Meeting privately with auditors and separately with the Deputy Principal at least once a year.
3	**Appointment of Chair**
3.1	The Chair of the Committee will be selected by the Board, for a term not exceeding **2** years.
3.2	The retiring Committee Chair will be eligible for re-appointment (subject to their term of office).
3.3	In the absence of the Chair from a meeting, the Committee will appoint another member (other than the Principal) to act as Chair for that meeting.
4	**Responsibilities of the Committee** **Commissioning Assurance**
4.1	To determine an annual work plan to fulfil the Committee's duties and responsibilities.

4.2	To advise the Board on the adequacy and effectiveness of the College's assurance framework.
4.3	To monitor its policies and procedures to ensure compliance with relevant legislation and other regulatory matters such policies include but are not limited to financial regulations treasury management risk management whistle blowing and policies to prevent fraud corruption, bribery and money laundering to determine where external assurance may be required beyond the internal assurance available and consider the most appropriate source from which to obtain that assurance.
4.4	To ensure proper, proportionate and independent investigation of all allegations of fraud and irregularity and that investigation outcomes are reported to the Committee.
4.5	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 the DfE, and other relevant funding authority, as soon as possible.
4.6	To ensure that risks around fraud have been identified and controls put in place to mitigate them.
4.7	To ensure that the external auditor (and internal auditor if applicable) is informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned.Informing the Board on the provision of any additional services by the external auditor, reporting accountant, internal audit and other assurance providers, and explaining how independence and objectivity have been safeguarded.
4.8	Corporations that are registered with the Office for Students (OfS) are obliged to follow the requirements of the current OfS Accounts Direction, as well as those set out in this document. OfS-registered corporations, and their auditors, should take note of the requirements set out in the OfS Accounts Direction.
5	**Reporting Assurance**
5.1	Review and consider reports submitted by the external auditor, reporting accountant, internal audit and other assurance providers, and monitor the implementation of recommendations to agreed timescales.
5.2	Monitor, within an agreed timescale, the implementation of agreed recommendations arising from any reports of audit and assurance providers.
5.3	Consider and advising the Board on relevant reports by the National Audit Office, the Department for Education and other funding bodies and, where appropriate, management's response to these.
5.4	Establish, in conjunction with College management, relevant annual performance measures and indicators to monitor the effectiveness of the internal and external audit services and deciding, based on this review, whether a competition for price and quality of the audit service is appropriate.
5.5	To consider and advise the Board on the audit strategy and internal audit plans.

5.6	To assess and provide the Board with an annual report summarising its work during the financial, including the number of meetings held and the attendance records for each Audit Committee member; any significant issues arising up to the date of preparation of the report, the Committee's view on 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, assurance over sub-contracting, framework of governance, risk management, and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets; any significant matters of internal control included in the reports of audit and assurance providers to the College, the date of appointment of the external auditors and the remaining term of the contract.
5.7	Following submission of the Committee's annual report, to advise the Board on signing its statement of Corporate Governance and Internal Control.
5.8	In conjunction with the Finance, Resources and Investment Committee, to recommend the board members annual report and financial statements for governing board approval providing assurance on the measures taking to ensure the college has fulfilled its statutory and regulatory responsibilities an accordance with the annual accounts direction College accounts direction - GOV.UK (www.gov.uk) issued by funding agencies.
6	**Receiving Assurance**
6.1	To review, consider and advise the Corporation on internal audit assignment reports and annual reports on control issues included in the management letters of the financial statements and regularity auditors, and management's responses to these.
6.2	To review and consider all reports from assurance providers, monitor the implementation of management's response to recommendations to agreed timescales and their implications for the assurance framework and check if additional assurances need to be commissioned.
6.3	To consider the implications for the assurance framework of relevant external reports including from funding agencies, AoC, National Audit Office etc.
6.4	To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements and regularity auditor's management letter and reports, and of any reports submitted by other providers of audit and assurance services.
6.5	To inform the Corporation of any additional services provided by the external auditor, reporting accountant and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded.
6.6	To oversee the Corporation's policies on fraud and irregularity and whistleblowing and to ensure that all allegations of fraud and irregularity are properly followed up in accordance with the Framework and Guide for External Auditors and reporting Accountants of Colleges. This includes approving the College's Policy on Whistleblowing.
6.7	To consider a regular report from the College on the identification and management of risk, including fraud risk and the effectiveness of internal controls designed to prevent fraud.

6.8	To receive assurance regarding compliance with the College Financial Handbook and any associated DfE requirements relating to financial management, regularity, propriety, value for money and public accountability.
6.9	To receive assurance that the College's arrangements relating to special staff severance payments, settlement agreements and other novel, contentious or repercussive transactions comply with HM Treasury, DfE and College Financial Handbook requirements.
6.10	To review College compliance with GDPR.
6.11	To approve the College's critical incident management plan.
6.12	To receive assurance regarding cyber security, information security and business continuity arrangements and the effectiveness of controls designed to mitigate cyber risks.
6.13	To review annually the Board Assurance Framework and provide assurance to the Board on the effectiveness of the College's risk management framework and risk appetite.
7	**Managing the performance of the College's assurance providers**
7.1	To advise the Board on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors, the internal auditors and other assurance providers and to establish that all such assurance providers adhere to relevant professional standards.
7.2	To ensure a policy is in place for the regular retendering of the external audit service, at least every **five** years, and considering both quality and price in doing so.
7.3	To advise the Board on the scope and objectives of the work of the internal auditors and the financial statements, work of the Finance and Resources Committee and regularity auditors.
7.4	To ensure effective coordination between the internal auditors and the financial statements and reporting accountant and any other assurance providers.
7.5	To inform the DfE immediately on the resignation or removal of external auditors when that is before the end of their agreed term of office, and supplying the DfE with an explanation of the reasons.
7.6	To establish, in conjunction with management rather than annual performance indicators and use them to monitor the effectiveness of its various assurance providers.
7.7	Consider and advise the Board on the scope and objectives of the work of the internal and external auditors, including the audit strategy and annual internal audit plans, and to ensure that a holistic view is taken, with all aspects and systems, financial and non-financial being in scope depending on their impact and effect on the Corporation.

8	**Reporting to the Board**
8.1	The minutes of each meeting of the Audit Committee shall be presented to the next ordinary meeting of the Board.
8.2	Any recommendations made by the Committee will appear as separate items on the agenda for the next ordinary meeting of the Board.
8.3	The Chair shall provide a summary report at the subsequent Board meeting. The Committee shall present an annual report on its work to the Board.
9	**Review and Approval**
9.1	The terms of reference of the Audit Committee will be reviewed on an annual basis and recommendations made to the Board as appropriate.
10	**Other Matters**
10.1	The Committee shall: • Consider the annual report and financial statements for recommendation to the Board. • Oversee the College's risk management arrangements, advising the Board on its adequacy and effectiveness. • Oversee the College's processes and procedures relating to data protection. • Oversee the College's arrangements relating to Freedom of Information • Review and approve any non-audit services provided by the external auditors in accordance with the Financial Regulations. • Monitor and/or approve the policies and/or strategies as detailed in the Scheme of Delegation Also • Ensure that new and existing members receive appropriate training in all aspects of the committee's responsibilities • Conduct an annual review of the committee's effectiveness against its Terms of Reference • Maintain and operate an annual reporting cycle which covers all key matters as per the Committee's Terms of Reference.