

Terms of Reference of the Audit Committee

Composition:	Minimum of three Members, including at least two governors. In line with the Post 16 Audit Code of Practice, the Corporation Chair and Principal may not serve on the committee, although the Principal may attend in the role of executive officer. Staff Members may serve on the Committee if the Corporation is satisfied that good practice standards of independence and objectivity can be met. The Corporation has a responsibility to maintain the Committee's independence when appointing members and must appoint individuals with an appropriate mix of skills and experience to allow the Committee to discharge its duties effectively. Collectively the members of the Committee must have recent and relevant experience in risk management, finance and assurance.
Quorum:	40% of committee membership, subject to minimum of two
Attendance:	The Corporation attendance target is 80%. Committee members are therefore expected to attend all scheduled meetings
Lead Officers:	Director of Finance and Resources
Meetings:	Three meetings annually
Chair:	Selected by Committee members
Public access to meetings:	By chair's invitation, with members' approval (Standing Orders, Section 12, applies)
Conduct of meetings:	(Standing Orders, Section 5, applies)
Minutes:	Minutes of meetings will be approved by the committee at the next following meeting (Standing Orders, Section 4 vi) All minutes will be submitted to the Corporation for information (Standing Orders, Section 10, applies in respect of publication of minutes)
Key functions and delegated powers:	<p>Purpose:</p> <p>The committee will support the FE Corporation to:</p> <ul style="list-style-type: none"> a) satisfy its statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the corporate body and the safeguarding of their assets' (as required by Section 5(3)c of Schedule 4 of the Further and Higher Education Act 1992) b) in fulfilling its contractual responsibilities under its funding agreements and contracts with the ESFA
	<p>Key functions:</p> <ol style="list-style-type: none"> 1. To advise the Governing Body on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of the College's assets. 2. To recommend the annual financial statements to the Governing Body for approval and to advise and support the Corporation to explain, in its accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities. 3. To advise the Governing Body on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and establish that all such assurance providers adhere to relevant professional standards.

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	<ol style="list-style-type: none"> 4. To establish, in conjunction with College management, relevant annual performance measures and indicators for the IAS (where appointed) and external auditor and review and monitor the effectiveness, independence and objectivity of the IAS and external auditors, including through these measures and indicators. 5. To decide whether a competition for price and quality of the audit service is appropriate and make appropriate recommendations to the Governing Body. 6. To advise the Governing Body on the scope and objectives of the work of the IAS, the external auditor and the funding auditor (where appointed), including the audit strategy and annual internal audit plans for the IAS. 7. To develop and implement policy on the engagement of the external auditor to supply services other than financial statements audit and regularity audit, taking into account relevant ethical guidance; to inform the Governing Body of any additional services provided by the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and explain how independence and objectivity were safeguarded. 8. To review and consider the reports of external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable). 9. To monitor the implementation of agreed recommendations arising from any reports of audit and assurance providers to agreed timescales. In order to facilitate such monitoring, the Committee is empowered to invite individual members of staff to attend meetings. 10. To consider and advise the Governing Body on relevant reports by the National Audit Office (NAO), the Education and Skills Funding Agency and other funding bodies, and, where appropriate, management's response to these. 11. To produce an annual report for the Governing Body summarising the activities of the Audit Committee as they relate to the year under review including: - a summary of the work undertaken by the committee during the year - any significant issues arising up to the date of preparation of the report any significant matters of internal control included in the reports of audit and assurance providers - the committee's view of its own effectiveness and how it has fulfilled its terms of reference - the committee's opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, its framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets and to submit the annual report to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed. 12. To approve, on behalf of the Corporation, policies on and processes around fraud, irregularity, impropriety and whistleblowing and ensure: - the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity - that investigation outcomes are reported to the Audit Committee - that the external auditor (and internal auditor if applicable) are informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned / actioned - 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 ESFA as soon
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	<p>as possible - that risks around fraud have been identified and controls put in place to mitigate them</p> <p>13. To review, monitor and approve the risk management action plan and to consider the effectiveness of risk management processes</p>
<p>Delegated powers/Reporting relationship:</p>	<p>The Audit Committee has authority to investigate any activity within its terms of reference and has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.</p>