

AUDIT COMMITTEE

TERMS OF REFERENCE

– APPROVED BY THE CORPORATION BOARD JULY 2025

1. PURPOSE

- a) To review and advise the Board of the Corporation (Board) on the adequacy and effectiveness of the College's assurance framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and safeguarding assets.
- b) To ensure compliance with obligations and changes relating to the reclassification as a Central Government Sector, inc. compliance with Managing Public Money, until such time as a financial handbook is published to further clarify this requirement.

2. RESPONSIBILITIES

- To review and advise the governing body on the adequacy and effectiveness of the College's systems of internal control, assurance arrangements and governance arrangements. This may include the board assurance framework, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets To regularly review the risk management plan and Risk Register, advising the Board on its effectiveness, noting and monitoring the strategic risks for the College and the arrangements to mitigate or manage those risks and to provide the Governing Body with assurance as to the adequacy of those arrangements
- To review the register of interest at least annually
- To advise the Board on the appointment, reappointment, dismissal and remuneration of the financial statements and the internal and external audit services and regularity auditor and establish that all such assurance providers adhere to relevant professional standards
 - advising the Board on the scope and objectives of the work of the Internal and External Auditors and funding auditor (the latter when appointed)
 - ensuring effective coordination between the internal and external auditors, the funding auditor and the financial statements auditor, including whether the work of the funding auditor should be relied upon for internal audit purposes

- considering and advising the Board on the audit strategy and annual internal audit plans
- advising the Board 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
- monitoring, 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 (where appropriate) and the financial statement's auditor's management letter.
- informing the Board of any additional services provided by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded
- monitoring, within agreed timescales, the implementation of recommendations arising from the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the college
- To oversee the College's strategies and policies related to Audit issues Included around, fraud, irregularity, impropriety and whistleblowing, and ensuring the proper, proportionate and independent investigation of all allegations and instances. To ensure that investigation outcomes are reported to the Committee; that the external auditors (and internal auditors where appointed) have been informed, and that appropriate follow-up action has been planned / actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the appropriate funding body
- To produce an annual report for the Board. The annual report must summarise the Committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report, and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers and external audit appointment and term information. It must include the Committee's view of its own effectiveness and how it has fulfilled its terms of reference (including the number of meetings held and the attendance of members to those meetings). The report must include the audit Committee's opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness. The annual report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the Audit Committee's annual report must be submitted to the relevant funding body with the annual accounts.
- To consider and advise the Board on relevant reports by the National Audit Office (NAO), the Department for Education (DfE) - and other funding bodies, and where appropriate management's response to these.
- To consider development and training for its members

3. MEMBERSHIP

Not fewer than three independent members of the Corporation, and up to 2 Associate Governors.

In order to maximise the Committee's independence and objectivity the following people shall not be eligible to be members of the Committee:

- The Principal and other Senior Post Holders;
- Those with executive responsibilities at senior level;
- Members of the Finance and Resources Committee;
- The Chair of the Corporation and
- Governors who have significant interests in the College.

The Audit Committee should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively members of the committee should have recent, relevant experience in risk management, finance and audit and assurance.

Persons who are not members of the Corporation but are deemed to have the skills required to enhance the responsibilities of the committee may be appointed as Associate Governors on the Audit Committee but may not hold the position of Chair.

In the absence of the Chair, the members attending the meeting shall select one of their number to 'Chair' that meeting.

4. TERMS OF OFFICE

Members shall normally serve for a period of two academic years and shall be eligible for re-appointment thereafter.

5. APPOINTMENT OF CHAIR

The Chair of the Committee shall be appointed by the Corporation and shall normally serve for a period of two academic years and shall be eligible for re-appointment thereafter.

6. QUORUM

A quorum shall be one third (rounded up) of the appointed members, which includes associate governors.

7. CLERKING

The Director of Governance shall act as Clerk to the Committee.

8. FREQUENCY OF MEETINGS

Meetings shall be held a minimum of three times a year

9. ATTENDANCE AT MEETINGS

The Director of Finance shall normally attend and speak at all meetings of the Committee (they will have no voting rights).

Senior managers shall attend and speak at meetings of the Committee where business relevant to them is being discussed or where their attendance has been requested by the Committee (they will have no voting rights).

The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee where business relevant to them is being discussed or where their attendance has been requested by the Committee (they will have no voting rights).

Other Corporation members shall have the right of attendance, and to participate where agreed by the Committee but not to vote.

10. REPORTING PROCEDURES

The Chair of the Committee shall present a verbal summary report of the Committee's agenda at the subsequent Corporation meeting and the minutes and action log of the meeting will be circulated to the Corporation.

The Committee will present an annual report, as required by the DfE College Financial Handbook, on its work to the Corporation.