

## **TERMS OF REFERENCE OF THE AUDIT AND ASSURANCE COMMITTEE**

Under the terms of the Financial Memorandum, the College Corporation is obliged to establish an Audit Committee.

The Audit Committee must have the authority to investigate any activity within its terms of reference.

The Audit Committee must have the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

### **Purpose of the Committee:**

1. To advise the Corporation on the adequacy and effectiveness of the College's assurance framework
2. 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.
3. To advise and support the Corporation in explaining in its annual report and accounts the measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities

These are achieved by:

- assessing and providing the Corporation with an opinion on the adequacy and effectiveness of the College's audit 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 its assets
- regularly reviewing the risk management plan and advising the Board on its effectiveness
- reviewing the risk register and monitoring the risks related to the Committee's work
- receiving regular Management Accounts and financial monitoring reports
- reviewing the register of interest at least annually
- advising the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards
  - advising the Board of Governors on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor
  - ensuring effective coordination between the IAS, 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 of Governors on the audit strategy and annual internal audit plans for the IAS
  - advising the Board of Governors 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
- informing the Corporation 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

- overseeing the College's policies on fraud and irregularity and whistleblowing, and ensuring 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 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 chief executive of the appropriate funding body.
- producing an annual report for the Corporation. 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. 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.
- considering and advising the Board of Governors on relevant reports by the NAO, the ESFA and other funding bodies, and where appropriate management's response to these.
- Considering development and training for its members

#### **Membership:**

- must be at least 3 members, a majority of whom must be governors
- must not include the Chair of the Board or the Principal
- should be reviewed annually, and any new appointments should be independent and have a mix of skills and experience to allow the Committee to discharge its duties effectively
- collectively, members of the Committee should have recent, relevant experience in risk management, finance and audit and assurance
- the Chair and Vice-Chair to be chosen from the membership of the Committee, on an annual basis at the final meeting of the academic year for the forthcoming year.
- members can be co-opted where it is felt necessary to extend the skills of the Committee
- will be quorate at meetings with an attendance rate of 40% or 2 members whichever is the greater

#### **Accountability:**

- the Chair (or when unable, the Vice-Chair) will report to the Board at its meetings, providing draft minutes and a verbal summary of discussions and papers where appropriate.
- the audit Committee must not adopt an executive role
- A proposer may not vote on their own proposal

#### **Review:**

- terms of reference should be reviewed annually
- terms of reference should reflect accepted good practice for audit Committees of publicly funded organisations and should reflect the minimum considered necessary in the post 16 audit code of practice
- the Committee should review the programme of work on an annual basis and

approve it at the final meeting of the academic year for the forthcoming year

**Meetings:**

- the Committee will meet as a minimum once each term to ensure business can be forwarded to the Board as appropriate.
- meetings will be held at Stanmore College or via College online secure technology
- the Director of Governance, will, in consultation with the Chair and senior leadership team, generate an agenda according to the programme of work and any issues arising during the year
- papers will be circulated to members and relevant staff one week before the meeting
- papers will be circulated electronically unless paper specifically requested.
- the Director of Governance will generate minutes of each meeting within 10 working days, to be approved and signed by the Chair at the following meeting.
- an action list, drawn from the minutes will be circulated to committee members and relevant staff once minutes have been agreed by the Chair
- minutes will be approved and signed by the Chair at the following meeting.

Valid from June 2023 – July 2024

Approved by the Board 11 July 2023