

# Governors Audit Committee: Terms of Reference

## 1. Membership & Attendance

- 1.1. The Committee shall comprise up to 5 members appointed by the Governing Body with a minimum of 3 (the majority of the total membership should be Governors). The Governing Body shall have a responsibility in appointing members to maintain the committee's independence. Staff Governors may not serve on this committee.<sup>1</sup> Collectively, members of the Audit committee shall have a mix of skills and experience to allow the committee to discharge its duties including recent and relevant experience in risk management, finance and audit and assurance.
- 1.2. The Chair of Governors; the Clerk to the Governors; the Principal and other senior management staff must not be members of the Committee. The Committee must not adopt an executive role.
- 1.3. The Chair of the Committee will be a governor member s/elected by the Committee to serve a term of 2 years and will be eligible for re-s/election.
- 1.4. The Committee will also s/elect a governor to serve as Vice Chair for a term of 2 years who shall be eligible for re-s/election.
- 1.5. The Clerk to the Board of Governors shall act as Clerk to the Committee.
- 1.6. In order to maximise the Committee's independence and objectivity, members of the finance committee or equivalent shall not be eligible to be members of the Committee.
- 1.7. Auditors shall be invited to attend and speak at meetings of the Committee (but not to vote) where business / plans relevant to their work are being discussed.
- 1.8. Senior management should also be invited to attend meetings of the Committee, particularly where their area of responsibility is under discussion, and shall be entitled to attend and speak at such meetings but not to vote.
- 1.9. The Committee may invite college advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).
- 1.10. The Committee will meet at least 3 times per year. The Internal Auditor, Funding Auditor (where appointed) or Financial Statements Auditor may request a meeting of the Committee if they consider that one is necessary and the Committee will endeavour to comply with such requests.
- 1.11. The Committee shall be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules as to quoracy set out in 1.14) to exclude any or all, participants, attendees and observers, except the Clerk to the Committee.
- 1.12. The Committee shall be granted rights of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
- 1.13. The committee shall have the right to investigate any activity within its terms of reference.
- 1.14. The quorum for meetings of the Committee shall be any two governors.

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<sup>1</sup> Post 16 Audit Code of Practice 2017 - 18, published March 2018

## 2. Terms of Reference

- 2.1. To advise the governing body on the adequacy and effectiveness of the College's Governing Body's assurance framework, systems of internal control and its arrangements for risk management, control and governance processes.
- 2.2. To advise and support the Governing Body in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.
- 2.3. To monitor and review the effectiveness of the College's internal audit function and make recommendations to the governing body on an annual basis on the level, remit and focus of internal audit activity.
- 2.4. To make recommendations to the governing body in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- 2.5. To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- 2.6. 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. Report to the governing body identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken (where services other than financial statements, audit and regularity audit are provided the governing body should explain in its Annual Report and Financial Statements how auditor objectivity and independence is nonetheless safeguarded)
- 2.7. To provide a written annual report to the governing body that outlines the activities of the audit committee as they relate to the year under review and to the terms of reference of the Committee. The report should also include the Committee's opinion on the adequacy and effectiveness of the College's systems and arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness.
- 2.8. To oversee the College's policies on fraud and irregularity and whistleblowing.
- 2.9. To review the process by which staff may raise concerns about possible fraud and financial irregularity or other matters. The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- 2.10. To be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors (where appointed);
- 2.11. To consider the presentation of and, in conjunction with the Governors' Finance & Resources (F&R) Committee which will consider the accuracy of the figures, recommend the annual financial statements to the governing body for approval.

THE AUDIT COMMITTEE SHOULD REVIEW ITS TERMS OF REFERENCE REGULARLY AND ITS OWN EFFECTIVENESS ANNUALLY AND RECOMMEND ANY NECESSARY CHANGES TO THE BOARD.

THE BOARD SHOULD ALSO REVIEW THE AUDIT COMMITTEE'S EFFECTIVENESS ANNUALLY.