



Audit Committee Terms of Reference

		Page
1	Introduction	3
2	The authority and responsibilities of the Committee.	3
3	How to meet responsibilities	3-5
4	Relationship with the Corporation.	5
5	Relationship with the Principal (Accounting Officer).	5
6	Meetings	5
7	Chair, Membership and Quorum	5
8	Agendas for Meetings.	6

TERMS OF REFERENCE (TOR) FOR THE AUDIT COMMITTEE

- 1. Introduction. The authority for these TORs is contained in the:**
 - 1.1 Instruments and Articles of Government Order as approved by the Corporation.
 - 1.2 Post 16 Audit Code of Practice (published March 2021); and
 - 1.3 Corporation Policies.

- 2. The authority and responsibilities of the Committee. The Committee:**
 - 2.1 has the authority to investigate any activity within its terms of reference.
 - 2.2 has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
 - 2.3 must comprise at least three members, a majority of whom must be governors, but must not include the Chair of the Corporation or the Principal. The audit committee must ensure that it maintains its independence when considering the appointment of members.
 - 2.4 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; and
 - 2.5 must not adopt an executive role.

- 3. To meet these specific issues, the Committee will:**
 - 3.1 assess and provide the Corporation with an opinion on the:
 - 3.1.1 Corporation's assurance arrangements.
 - 3.1.2 adequacy and effectiveness of the college's audit arrangements.
 - 3.1.3 governance framework.
 - 3.1.4 risk management and control processes, in particular arrangements for the review of its responsibility and assurance provision for the Risk Management (RM) processes, including: -
 - the Risk Management Framework; and
 - the Risk Register.
 - 3.1.5 processes for the effective and efficient use of resources; and
 - 3.1.6 solvency of the institution and the safeguarding of its assets.
 - 3.2 advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditors, the internal auditors, and other assurance providers (as applicable), and establish that all such assurance providers adhere to relevant professional standards.
 - 3.3 ensure effective coordination between the external auditor, the internal auditor, and the funding auditor.
 - 3.4 will consider and advise the Corporation on:
 - the audit strategy for the external auditor; and
 - the audit strategy and annual internal audit plans for the Internal auditor.
 - 3.5 inform the Corporation of any additional services provided by the external auditor, internal auditor and other audit and assurance providers and explain how independence and objectivity were safeguarded.
 - 3.6 advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the external auditor (including their work on regularity) and the funding auditor and management's responses to these.

- 3.7 monitor, within agreed timescales, the implementation of recommendations arising from the management letters and reports of the external auditor, the internal auditor, and of any reports submitted by other providers of audit and assurance services to the college.
- 3.8 consider and advise the Corporation on relevant reports by the National Audit Office and the funding agencies, and, where appropriate, management's response to these.
- 3.9 establish, in conjunction with college management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and financial statements auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 3.10 oversee the college's policies on fraud and 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 have been informed, and that appropriate follow-up action has been planned/actioned. The ESFA, and any other relevant funding provider, must also be informed when the amounts are significant, that is exceeding £10,000 in value, as soon as possible. Ensure any risks around fraud have been identified and controls put in place to mitigate them.
- 3.11 produce an annual report for the corporation, summarising the committee's activities relating to the financial year under review, including:
- a summary of the work undertaken by the committee during the year.
 - the number of the meetings held in the year, and attendance records for each audit committee member.
 - 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.
 - details of the date of appointment of the external auditors and the remaining term of the contract.
 - 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, assurance over subcontracting, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets; and
 - if applicable, an explanation of why the Committee was not able to meet three times in the year.

The annual report to the corporation must be submitted to the corporation before the statement of corporate governance and internal control in the annual accounts is signed.

- 3.12 oversee additional matters such as data breaches, and GDPR issues.
- 3.13 supply the next Corporation meeting with a copy of the minutes from the last committee meeting.
- 3.14 recommend the Statement of Corporate Governance and Internal Control to the Corporation for approval.
- 3.15 notify the ESFA immediately of the resignation of auditors, or in the rare circumstance where the corporation removes the auditors, before the expiry of their term of office. Where auditors have resigned, other than at the end of their agreed term, the audit committee must copy to ESFA an explanation from the auditors. Where the corporation elects to remove the auditors, the audit committee must notify ESFA of these reasons. A change in auditor at the expiry of their agreed term of office does not require notification to the ESFA by the corporation; and

3.16 ensure that there is a policy in place for regular retendering of the external audit service. The audit committee should consider the quality of the audit service required as well as the price. Corporations should ensure that the external audit contract is put out to tender at least every 5 years, though for the avoidance of doubt this does not necessarily require a different firm of auditors to be appointed.

4. Relationship with the Corporation.

The Corporation expect that the Audit Committee will complete and/or advise on audit associated matters as detailed in the Audit Codes of Practice. The role of the Audit Committee is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control, and governance.

5. Relationship with the Principal (Accounting Officer).

It remains the Principal's responsibility to ensure the satisfactory operation of day-to-day control framework however the internal and external auditors, together with the Audit Committee, contribute to this by provision of advice and assurance.

6. Meetings

6.1.1 Frequency. The Committee shall meet at least three times a year.

6.1.2 Special Meetings. The Clerk when instructed only by the Chair, or in his/her absence, by the Vice or acting Chair, shall call Special meetings of the Committee. At such meetings the Agenda shall normally be limited to consideration of a single or related item. Standing items shall not be included in the Agenda.

6.1.3 At each Committee meeting, there will be an opportunity for a private session between the Internal and External Auditors (If attending the meeting proper) and the Committee members.

7. Chair, Membership and Quorum

7.1 Chair. The Chair of the Audit Committee shall be appointed by the Chair of the Corporation. If the Chair is absent from a Committee meeting, then the meeting shall nominate a Chair for that meeting.

7.2 Membership. The Committee shall comprise:

7.2.1 up to 4 (5 for the period June 2022 to July 2023) Corporation Members (see also 2.3 above) nominated by the Corporation and confirmed every year at the first meeting of the academic year, or in-year as necessary.

7.2.2 up to 2 lay members recommended and approved by the Corporation. (optional appointments)

7.3 In attendance:

- the Director of Finance (or his representative); and
- the Clerk to the Corporation.

7.4 By open invitation

- the Principal;
- the Deputy Principal
- representatives of the appointed internal auditors, external auditors and funding auditors, and nominated by the firms concerned.

7.5 The following shall be excluded from Membership:

- Corporation members with interests in the College.
- senior postholders.
- the Chair of the Corporation.

7.6 The Committee shall be quorate with 2 members (of whom one must be a Corporation member).

8. Agendas for Meetings.

- 8.1 The Agenda shall be agreed between the Director of Finance, the Chair of the Committee, and the Clerk.
- 8.2 The Clerk should circulate the agenda papers to the committee members at least 7 days before the meeting.
- 8.3 The Committee will agree a work schedule at the first meeting of the academic year.

Agreed by the Audit Committee – 22 February 2022

Approved by Corporation – 9 March 2022

Contact us

West Herts College: 01923 812000

Barnfield College: 01582 569569

