



## **CORPORATION OF CITY COLLEGE**

### **Audit Committee** **Terms of Reference**

1. The Audit Committee is a committee of the Corporation established under the terms of clause 6 of the Articles of Government (2008).
2. The role of the Committee is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangement for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).

In discharging its role the Committee is also to be mindful of ensuring that the information received by it and all decisions taken are centred on improving the experience of students at the College and levels of achievement.

3. The Committee shall comprise 5 members appointed by the Corporation. The Chair of the Corporation, the Principal, members of the Finance and General Purposes Committee, and the College's professional advisers are excluded from membership. Members will serve on the Committee for their term of office as a governor or as otherwise decided by the Corporation.
4. Membership of the Committee must include at least one person (whether a member of the Corporation or not) with relevant financial or audit experience. Accordingly, membership may include persons who are not governors who have been recommended by the Search and Governance Committee and approved by the Corporation (to be known as co-opted committee members).
5. The Chair of the Committee will be elected by the members of the committee and external co-opted members will be excluded from acting as Chair.
6. The quorum shall be three members of the Committee, two of whom must be governors.
7. In the event of the Chair of the Committee being unable to attend, the remaining governors, under paragraph 3 above, should elect one of their members as chair for the meeting.
8. The Clerk to the Corporation or his/her appointed deputy shall be the clerk to the Committee.
9. Minutes of meetings of the Committee shall be presented to the Corporation for information or approval as appropriate.

10. The functions of the Committee shall be to:
  - 10.1 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 processes, and securing economy, efficiency and effectiveness (value for money);
  - 10.2 advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service (IAS);
  - 10.3 advise the Corporation on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor (where appointed);
  - 10.4 ensure effective co-ordination between the IAS, the financial statements auditor and the funding auditor (where appointed) including whether the work of the funding auditor should be relied upon for internal audit purposes;
  - 10.5 consider and advise the Corporation on the audit strategy and annual internal audit plan for the IAS;
  - 10.6 advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor (including their work on regularity audit) and the funding auditor (where appointed), and management's responses to these;
  - 10.7 monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements auditor's management letter and the funding auditor's management letter and spot-check reports (where appointed);
  - 10.8 consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Learning and Skills Council (LSC) or their successors and other funding bodies, and where appropriate management's response to these;
  - 10.9 establish, in conjunction with College management, relevant annual performance measures and indicators, and monitor the effectiveness of the IAS and financial statements auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
  - 10.10 produce an annual report for the Corporation and accounting officer, which should include the committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the IAS, the funding auditors (where appointed) and the financial statements auditor;

- 10.11 ensure that all allegations of fraud and irregularity are properly followed up;
  - 10.12 approve and review the fraud and corruption policy;
  - 10.13 be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors (where appointed);
  - 10.14 ensure all of the above are covered in accordance with the minimum cycle of audit committee business in supplement A to the Audit Code of Practice;
  - 10.15 monitor the strategic risk areas remitted by the Corporation to the Committee and advise the Corporation as appropriate.
  - 10.16 monitor and approve the college regularity audit self assessment questionnaire.
- 11. The Committee is entitled, wherever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules of quoracy at paragraph 6 above) to exclude any, or all, participants and observers, except the Clerk to the Corporation.
  - 12. The Committee shall undertake an annual review of these terms of reference and will include a formal self assessment of whether the terms of reference have been met and recommend any changes needed to the Corporation for approval.
  - 13. The committee shall undertake a review of their performance and set targets for the following year.

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**Revision History:-**

Approved by the Corporation: 18<sup>th</sup> March 2008  
Revised by the Clerk 28<sup>th</sup> April 2008  
Revised by the Clerk 1<sup>st</sup> September 2008  
Revised by Audit 9<sup>th</sup> September 2008  
Approve by the Corporation 16<sup>th</sup> September 2008