



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

THE TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1. Composition

The Audit Committee shall comprise not less than 3 members majority of whom must be governors and collectively, should have recent, relevant experience in risk management, finance and audit and assurance. The Committee membership may include staff at the institution with the exception of those in senior posts, and shall operate in accordance with any requirements of the Education Skills and Funding Agency (ESFA). The Audit Committee must ensure that it maintains its independence when considering the appointment of members; The following persons should therefore not be a member of the Committee:

- Members of the Finance & Resources Committee
- The Chair of the Corporation
- Staff Governors

The Committee may invite the attendance of such college staff or others who may assist in its work.

Any Governor not a member may attend, with permission of the Chair of the Committee, in a non-voting capacity.

The Clerk to the Corporation will act as Clerk to the Committee.

3. Overall Purpose

It is a condition of funding through the Financial Memorandum that college corporations must establish an Audit Committee. The role of the Audit Committee includes advising the Corporation on the adequacy and effectiveness of the college's assurance framework. In addition the audit committee advises and supports 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.

4. Key Tasks

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

The operational matters provided for within the Audit Committee's terms of reference are :

- a) The audit committee has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
- b) The audit Committee must comprise of at least three members, a majority of whom must be governors, which must not include the Chair of the Corporation or the Principal and should not include staff governors. The Audit Committee must ensure that it maintains its independence when considering the appointment of members.
- c) The Audit Committee should include individuals with an appropriate mix of skills and experience to enable it to discharge its duties effectively. Collectively, members of the Committee should have recent, relevant experience in risk management, finance and audit and assurance.

- d) The Audit Committee must not adopt an executive role.

The Duties of the Audit Committee, as listed within the Committees terms of reference are:

- e) Assess and provide 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
- f) To assume overarching responsibility for reviewing and maintaining the structure of the Board Assurance Framework and to advise the Corporation accordingly.
- g) To assess the appropriate level of Overall Assurance in relation to each of the specific risks for which this Committee has been assigned responsibility by the Corporation.
- h) Advise 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
- i) Inform 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.
- j) Monitor, 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.
- k) Oversee the colleges policies on Anti-bribery , fraud and irregularity and whistleblowing, and ensure:
 - o the proper and proportionate investigation of all allegations and instances of fraud and irregularity;
 - o that investigation outcomes are reported to the audit committee;
 - o that the external auditors (and internal auditors where appointed) have been informed, and that appropriate follow up action has been planned/actioned,
 - o that all significant cases of fraud or irregularity are reported to the chief executive of the appropriate funding body.
 - o Risks around fraud have been identified and controls put in place to mitigate them
- l) Produce an annual report for the corporation. The annual report must summarise the committees 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. 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 colleges' audit arrangement, 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.
- m) In conjunction with College Management, determine the scope and objectives of the work of the internal audit service, the financial statements auditor and funding auditor (where appointed)

- n) Ensure effective co-ordination between the internal audit service, 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
- o) Establish the audit strategy and annual internal audit plans for the internal audit service and advise the governing body accordingly.
- p) Advise the Corporation on internal audit assignment reports and annual reports and determine any control issues included in the management letters of the financial statements auditor, including their work on regularity and the funding auditor (where appointed) and review management responses to these
- q) Consider and advise the Corporation on relevant reports by the National Audit Office, The Education Skills Funding Agency (ESFA) and other funding bodies, and where appropriate, management's response to these
- r) Establish, in conjunction with college management, relevant annual performance measures and indicators and monitor the effectiveness of the internal audit service 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
- s) As per the Post 16 Audit Code of Practice, Audit Members have the right to hold a 'closed' meeting with both the External and Internal Auditors, with no staff present, at least annually.

5. Meetings

The Committee shall meet as often as necessary but not less than once per term.

6. Term of Office

Membership of the Committee shall be for a maximum of four years, subject to membership of the Corporation (excluding co-opted members). Retiring members will be eligible for reappointment for a subsequent term.

A member may at any time by notice to the Clerk to the Corporation resign his or her membership.

7. Vacancies

Upon the occurrence of a vacancy or expected vacancy amongst members it shall be for the Corporation to appoint a person to fill the vacancy.

8. Quorum

Meetings of the Committee shall be quorate if 40% or more of the overall Committee membership is present.

If the number of members assembled for a meeting of the Committee does not constitute a quorum the meeting shall not be held and a new meeting date set.

If during the course of a meeting the number of members present ceases to constitute a quorum, the meeting shall be terminated forthwith.

9. Authority

The Committee is authorised by the Corporation to comply with its Terms of Reference. It is authorised for the Committee to seek any information it requires from any employee of the College and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Corporation to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise, if it considers this necessary.

10. Reporting Procedure

The Clerk to the Committee shall circulate minutes of the Committee to the Corporation and place items determined as non-confidential on the College website.

<u>Document History</u>					
Version	Date	Author	Comments	Authorised by	Date
1	March 2014	Claire Coupland	Annual review of Terms of Reference	Recommended by Audit Approved by the Corporation	March 2014 April 2015
2	June 2015	Claire Coupland	Annual Review of Terms of Reference	Recommended by Audit Approved by the Corporation	June 2015
3	June 2016	Claire Coupland	Annual Review of Terms of Reference – minor amendment made to membership arrangements in light of JACOP (Aug 2015)	Recommended by Audit Approved by the Corporation	June 2016
4	June 2018	Claire Coupland	Annual Review of Terms of Reference – minor updates required to reflect changes to post 16 Audit Code of practice. (march 2018)	Recommended by Audit Approved by the Corporation	June 2018 July 2018