

# TRAFFORD COLLEGE

## Audit Committee

### Terms of Reference and Standing Orders (Updated September 2015)

#### 1 Introduction

- 1.1 The Terms of Reference and Standing Orders of the Audit Committee may be varied at any time by the Corporation.
- 1.2 The Terms of Reference and Standing Orders of the Audit Committee are subject, at all times, to the provisions of the Instrument and Articles of Government of the Corporation.
- 1.3 Members are required to make known if they or a person with whom they have a close connection (eg spouse/partner or child) has a personal interest (be it financial or otherwise) in a matter before the Committee.
- 1.4 The Committee has the authority to investigate any activity within its terms of reference and has the right of access to all the information and explanations it considers necessary, from whatever sources to fulfil its remit.
- 1.5 The Committee will not adopt an executive role.

#### 2 Terms of Reference of the Audit Committee

- 2.1 To 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 securing economy, efficiency and effectiveness.
- 2.2 To advise the Governing Body on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers including the internal auditors, and establish that all such assurance providers adhere to professional standards.
- 2.3 Advise the Governing Body on the scope and objectives of the work of all the financial statements and regularity auditor and other assurance providers.
- 2.4 To ensure effective co-ordination between all assurance providers, and the financial statements and regularity auditor including whether the work of the funding auditor (where appointed) should be relied upon for internal audit purposes.
- 2.5 To consider and advise the Governing Body on the Audit Strategy and annual audit plans as appropriate.
- 2.6 To advise the Governing Body on matters of internal control and other issues included in 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, and management's responses to these.

- 2.7 To monitor, within an agreed timescale, the implementation of agreed recommendations arising from management letters and reports of the financial statements and regularity auditors, and of any reports submitted by other providers of audit and assurance services to the College.
- 2.8 To consider and advise the Governing Body on relevant reports by the National Audit Office (NAO), the Skills Funding Agency (SFA), other funding bodies and where appropriate, management's response to these.
- 2.9 To establish, in conjunction with college management, relevant annual performance measures and indicators, and to monitor the effectiveness of the financial statements and regularity auditor and other assurance providers through these measures and indicators and decide, based on this review, whether a competition for price and quality of the assurance services is appropriate;
- 2.10 To produce an annual report for the Governing Body, summarising the Committee's activities relating to the financial year under review including:-
- any significant issues arising from up to the date of the preparation of the report;
  - any significant matters of internal control included in the management letter and reports from auditors and other assurance providers;
  - 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 College's audit arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency and effectiveness.
- 2.11 To oversee the College's policies on fraud and irregularity and whistleblowing, and ensure:-
- the proper, proportionate and independent investigation of allegations and instances of fraud and irregularity;
  - that investigation outcomes are reported to the Committee;
  - that the external auditors, and internal auditors, where appointed, have been informed;
  - that appropriate follow up action has been planned/actioned;
  - that all significant cases of fraud or suspected fraud or irregularity are reported to the Chief Executive of the appropriate funding body as per Fraud Response Procedure.
- 2.12 To advise the Corporation on the provision of additional services by the financial statements, regularity and other audit and assurance providers and to explain how independence and objectivity have been safeguarded.
- 2.13 To recommend the annual financial statements to the Governing Body for approval.
- 2.14 To monitor and review the College's Financial Regulations, as appropriate, making recommendations to the Corporation.

### **3 Membership of the Audit Committee**

- 3.1 The Committee shall comprise 5 members (who may or may not be members of the Corporation).

- 3.2 The assurance providers shall be entitled to attend and speak at all meetings of the Committee (but not to vote) as shall the financial statements auditor and funding auditor (where appointed) where business relevant to them is being discussed. Members of the Executive Leadership Team 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.
- 3.3 The Committee may invite the Corporation's 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).
- 3.4 The Principal and other senior post holders may not be members of the Committee but other members of staff may sit on the Committee provided they do not have significant executive, management, financial or budgetary responsibilities.
- 3.5 In order to maximise the Committee's independence and objectivity, the following people shall not be eligible to sit on the Committee:
- those with executive responsibilities at senior level;
  - members of the College's Resources Committee or equivalent;
  - the Chair of the Corporation; and
  - governors who have significant interests in the College.
- 3.6 The Committee will meet at least once each term. The assurance providers and/or financial statements and regularity 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.
- 3.7 The Committee shall be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and to exclude any, or all, participants and observers, except the Corporation Secretary.

#### **4 Term of Office**

- 4.1 The term of office of members of the Audit Committee will normally be four years unless determined otherwise by the Corporation.
- 4.2 A member of the Audit Committee may resign from membership of the Committee by giving notice in writing to the Corporation Secretary.
- 4.3 A vacancy which arises during the period of office of the Committee will be filled by the appointment of a new member by the Corporation.

#### **5 Appointment of Chairperson and Vice Chairperson**

- 5.1 The members of the Committee will appoint a Chairperson and Vice Chairperson from amongst their number subject to them being members of the Corporation.
- 5.2 The Chairperson and Vice Chairperson shall hold office for one year. Normally the period of office will commence at the first meeting of the academic year.
- 5.3 If both the Chairperson and Vice Chairperson are absent from any meeting of the Committee, members of the Committee present shall choose one member to act as Chairperson of that meeting having regard to the provisions of paragraph 5.1.
- 5.4 The Chairperson and Vice Chairperson may at any time resign their respective offices by notice in writing to the Corporation Secretary.

- 5.5 The Chairperson and Vice Chairperson retiring at the end of their respective terms of office shall be eligible for reappointment.

## **6 Quorum**

- 6.1 Meetings of the Committee shall be quorate if two or more members are present.
- 6.2 If the number of members of the Committee assembled for a meeting of the Committee does not constitute a quorum thereof, the meeting shall not be held. If in the course of a meeting the number of members present ceases to constitute a quorum, the meeting shall be terminated forthwith.
- 6.3 If for the lack of a quorum a meeting cannot be held or, as the case may be, cannot continue, the Chairman shall, if he or she thinks fit, cause a special meeting to be summoned as soon as practicable.

## **7 Proceedings of Meetings of the Audit Committee**

- 7.1 Every question to be decided at a meeting of the Audit Committee shall be determined by a majority of the votes of the members present and voting on the question. Where there is an equal division of votes the Chairperson of the meeting shall have a second or casting vote.
- 7.2 No resolution of the Audit Committee may be rescinded or varied at a subsequent meeting of the Committee unless consideration of the rescission or variation is a specific item of business on the agenda for that meeting.
- 7.3 The proceedings of the meetings of the Audit Committee will be recorded in the minutes prepared by the Corporation Secretary. Minutes of meetings (regardless of whether or not they have been confirmed as being a true record) will be presented to the subsequent meeting of the Corporation.

## **8 Secretary to the Audit Committee**

- 8.1 The Secretary to the Audit Committee will be the Corporation Secretary.

## **9 Public Inspection**

- 9.1 The Audit Committee's terms of reference, together with the Committee's advice to the Board of the Corporation, will be made available for inspection to any members of the public during normal office hours and on the College's website.