

1. The Audit Committee is a Committee of the Corporation Board established under the terms of clause 6 of the Articles of Government to advise on matters relating to the Corporation's audit arrangements and systems of internal control.
2. The Audit Committee must advise the Corporation on the adequacy and effectiveness of the Corporation's assurance framework. The audit committee must play a robust role in good stewardship and risk management and may refer to the Department for Education's guidance on the scope of work of audit committees and internal auditors in college corporations. In addition, the Audit Committee advises and supports the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.
3. In addition, the Audit Committee must:
 - assess and provide the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution, and the safeguarding of its assets
 - consider the development of members and put in place appropriate training to ensure their skills and knowledge are up to date. Where the audit committee identifies a gap in its existing skillset, training and development should be provided to address this in the first instance
 - advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal auditor, and other assurance providers (if applicable) and establish that all such assurance providers adhere to relevant professional standards
 - inform the Corporation of any additional services provided by the external auditor, reporting accountant, internal auditor, and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded
 - review and consider the reports of the external auditor, reporting accountant, internal auditor, and other assurance providers (as applicable) and monitor the implementation of recommendations to agreed timescales
 - oversee the Corporation's policies on and processes around fraud, 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 if applicable) has been informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned

- that all significant cases of fraud or suspected fraud or irregularity are reported to the Department for Education and any other relevant funding authority as soon as possible
 - risks around fraud have been identified and controls put in place to mitigate them
- 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 of the institution, and the safeguarding of its assets
 - statements relating to training and development for governors and the governance professional.
 - submit the annual report to the corporation before the statement of corporate governance and internal control in the annual accounts is signed.
4. The committee shall comprise of up to six members appointed by the Corporation Board. The chair of the Corporation Board, the principal, members of the Finance and Estates Committee, and the college’s professional advisers may attend and speak at meetings but are excluded from membership and, therefore, shall not be entitled to vote. Membership should enable the committee to maintain its independence and include individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively; collectively, members of the committee should have recent, relevant experience in risk management, finance and assurance.
 5. Membership may include persons who are not governors who have been approved by the Corporation Board (to be known as co-opted external members).
 6. The committee will meet not less than four times per year. The committee will meet with the auditors without the executive present at least once per year.
 7. Members shall serve for a period of one academic year and shall be eligible for reappointment.
 8. The chair of the committee will be elected by the members of the committee in the circumstance of the appointment of chair not being made by the Corporation Board. The vice-chair of the committee (where applicable) will be appointed by the committee. Both the chair and vice-chair will be appointed for a term of one academic year and will be eligible for reappointment at the end of that term.

9. The quorum shall be two members of the committee, excluding any co-opted external members.
9. In the event of the chair or vice-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.
10. Appointments of members of the committee will cease at the end of their term of office as a governor, although they will be eligible for reappointment if their membership of the Corporation is renewed. Co-opted members, where applicable, will be appointed for a term of one academic year and will be eligible for reappointment if their membership is approved by the Corporation. Members may terminate their membership by notice of resignation to the head of governance and/or the chair of the Corporation Board.
10. The head of governance or his/her appointed deputy shall be the clerk to the committee.
11. Minutes of meetings of the committee shall be presented to the Corporation Board for information or approval as appropriate.
12. 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 9 above) to exclude any, or all, participants and observers, except the head of governance.
13. The committee has the right to investigate any activity within its Terms of Reference.
14. The committee has right to access all the information and explanations it considers necessary, from whatever source to fulfil its remit (including governors, committees, and college employees, plus seeking relevant information from subcontractors and other third parties and consulting the internal audit service, the financial statement auditor, and the funding auditors).
15. The committee has the right to obtain external professional advice.
16. The committee must not adopt an executive role.
17. The committee has a responsibility to maintain its independence in appointing members.

Minimum cycle of Audit Committee business

Current year item of business	Indicative timings (✓)						To recommend to the Corporation for approval
	Previous year	Current year			Following year		
	Summer ✓ or autumn term	Autumn ✓ or summer term	Spring	Summer	Autumn	Spring	
1 Appointment and reappointment or dismissal (where applicable) and remuneration of internal auditors.	✓ or autumn term	✓ or summer term					Yes
2 Internal audit needs assessment, strategic plan and annual plan.		✓					Yes
3 Risk management annual report from college management.				✓ or autumn term	✓ or summer term		
4 Appointment and reappointment or dismissal (where applicable) and remuneration of financial statements auditors.			✓ or summer term	✓ or spring term			Yes
5 Interim regularity audit opinion.				✓			
6 Review of performance of the internal audit service and establishment of annual performance indicators for following year.				✓ or autumn term	✓ or summer term		No
7 Funding auditor interim opinion and management letter (where applicable).*					✓●		Yes*
8 Internal audit service annual report.*					✓●		Yes*
9 Financial statements audit management letter.*					✓●		Yes*
10 Annual report of the audit committee.*					✓		Yes*
11 Recommendation of approval to the corporation of annual financial statements (may be the role of the finance committee or equivalent) including regularity audit opinion.					✓		Yes
12 Funding auditor final opinion and management letter (where applicable).						✓	Yes
13 Review of performance of the financial statements auditors and establishment of annual performance indicators for the following year.						✓ or summer term	No
14 Internal audit reports on reviews and progress update.	Depends on timing of reports						No
	✓	✓	✓				
15 Consideration of funding auditor franchise and partnership spot-check reports (where applicable).	Depends on timing of visits						No
	✓	✓	✓				

* Corporations must have all of these reports (items 7, 8, 9 and 10) available before approving the financial statements and the statements included therein on corporate governance, responsibilities of members of the corporation and the system of internal control. The corporation must approve the annual financial statements to meet LSC deadlines.

- Items 7, 8 and 9 may be deferred until the spring term, but see comment above.