



New College Stamford

AUDIT COMMITTEE TERMS OF REFERENCE

APRIL 2017

Approved by the Corporation
at its meeting on 5th April 2017

1. Constitution

The Corporation hereby resolves to adopt the following terms of reference for the Audit Committee.

2. Objective and Purpose

2.1 To provide advice to the Corporation on:

2.1.1 the adequacy and effectiveness of the College's systems of internal control and those of its subsidiary companies, and

2.1.2 its arrangements for risk management control and governance processes

2.2 The Committee will provide a medium of communication, which is independent of College management, from the Corporation's auditors to the Board of Governors.

2.3 The Committee will also provide a sounding board for College management on issues of concern in connection with the College's internal control systems.

2.4 The responsibilities of the Committee shall not extend to an executive role and shall not require the members of the Committee to offer the Corporation professional advice.

3. Membership

3.1 The Committee shall be appointed by the Corporation and consist of at least four Corporation members at least one of which must have relevant financial/audit experience.

3.2 In addition the Corporation may co-opt up to two persons who are not Corporation members, with relevant finance, accounting or auditing experience, who must be independent and not connected with the provision of services to the College, for such period as the Corporation may decide but not exceeding 3 years.

3.3 The Corporation Chair and Governors who are members of the Corporation's Finance & Resources Committee will not be permitted to serve on this Committee.

3.4 The Principal and other Senior Post Holders, if any, will not be permitted to serve on this Committee. Other staff members may serve on this Committee.

4. Quorum

- 4.1 The quorum will be two members with a majority of external Governors required.

5. Chair and Vice Chair

- 5.1 The Committee will elect a Chair and Vice Chair from amongst its membership.
- 5.2 The Vice Chair will deputise for the Committee Chair as required.
- 5.3 A co-opted Member is permitted to Chair the Committee.

6. Clerk to the Committee

- 6.1 The Clerk to the Committee will be the Clerk to the Corporation who will keep a record of all meetings.

7. Frequency of Meetings

- 7.1 Meetings shall normally be held not less than once in each term or as required by the Chair and the timing of these shall reflect, as far as possible, the planning and reporting cycles of the Internal Audit Service (“IAS”) and the financial statements audit. The IAS or the financial statements auditors (“external auditors”) may request a meeting if they consider that one is necessary.
- 7.2 Written notice of meetings and a copy of the agenda shall be sent to members no later than seven days before the meeting unless the urgency of the matter is such as will make the giving of such notice impractical and the majority of the members of the Committee consent to holding the meeting at short notice.

8. In Attendance

- 8.1 The Vice Principal, Finance, Planning and Resources, or their deputy/interim cover will attend meetings for the purpose of providing advice and information.
- 8.2 The Principal may attend meetings as an Observer in the capacity as a member of staff and not as a Member of the Committee.
- 8.3 The Committee may invite any member of staff to attend a meeting to present a report or provide information. Managers whose area of responsibility is under discussion will be invited and expected to attend meetings.
- 8.4 The College’s internal auditor and financial statements auditor, as appointed by the funding body, will be entitled to attend and speak at all Committee meetings. The financial statements audit partner, or suitable representative with prior agreement from the Chair of the committee, should normally attend

any meetings where the management letter or other report is being considered.

9. Responsibilities and duties

- 9.1 To advise the Corporation on:
- the adequacy and effectiveness of the College's systems of internal control and those of its subsidiary companies:
 - its arrangements for risk management, control and governance processes, and,
 - securing economy, efficiency and effectiveness (value for money).
- 9.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service, ("IAS"), where appointed.
- 9.3 To advise the Corporation on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor (as appointed by the funding body).
- 9.4 To ensure effective co-ordination between the IAS, the funding auditor (as appointed by the funding body), and the financial statements auditor, including whether the work of the funding auditor should be relied upon for internal audit purposes.
- 9.5 To advise the Corporation on the audit strategy and annual internal audit plans for the IAS.
- 9.6 To 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) and the funding auditor (where appointed), and management's responses to these.
- 9.7 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and spot-check reports (where appropriate) and the financial statements auditor's management letter.
- 9.8 To consider and advise the Corporation on relevant reports by the NAO, the Skills Funding Agency and other funding bodies and, where appropriate, management's response to these.
- 9.9 To 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 decide, based on this review, whether a competition for price and quality of the audit service is appropriate.

- 9.10 To 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 (See Appendix A).
- 9.11 To ensure that all allegations of fraud and irregularity are properly investigated in accordance with the College's code of practice and other relevant guidelines and policies.
- 9.12 To be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors (where appointed).
- 9.13 To recommend the financial statements auditor's management letter to the Corporation having received a copy of the annual financial statements of the Corporation and its subsidiary companies to inform this decision.
Recommendation of approval of these statements is the responsibility of the Finance & Resources Committee.
- 9.14 To discuss problems arising from audit reports and any matters which the IAS may wish to discuss (in the absence of management where necessary).
- 9.15 To note the minimum cycle of audit committee business, with indicative timings (at Appendix B) that the Committee must consider each year in order for it to function effectively and consider other topics, as determined from time to time by the Corporation.

10. Authority

- 10.1 The Committee is authorised by the Corporation to investigate any activity within its terms of reference. It is authorised to seek any information it requires from the internal audit service, financial statements auditor, any Corporation member, committee of the Corporation or employee of the College plus relevant information from sub-contractors and other third parties..
- 10.2 The Committee is authorised by the Corporation to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, provided that the Committee may not incur direct expenditure in this respect in excess of £1,000 without the prior approval of the Corporation.

11. Minutes

- 11.1 The Clerk to the Committee shall circulate minutes of the meetings of the Committee to all Corporation Members and these minutes shall be presented to the Corporation at its next meeting.
- 11.2 There may be excluded from the Minutes as published, any material relating to any matter which, by reason of its nature, the Audit Committee is satisfied should be dealt with on a confidential basis

CONTENTS OF AUDIT COMMITTEE ANNUAL REPORT

- introduction (period covered, and so on).
- membership of Audit Committee, highlighting changes.
- summary of when meetings were held and meeting attendance.
- Terms of Reference of Committee, highlighting changes.
- review of reports of internal audit service.
- review of management letters of funding auditor (where appointed) and financial statements auditor.
- review of other work done, for example, Council reports, NAO reports, value-for-money work.
- any other relevant matters including Committee self-assessment.
- Audit Committee's opinion to the Corporation on the adequacy and effectiveness of the college's internal control system, its arrangements for risk management and the extent to which they can be relied on.

APPENDIX B

AUDIT COMMITTEE ANNUAL BUSINESS PLAN 2016/17

	7 December 2016	22 March 2017	5 July 2017
Appointment of Auditors <ul style="list-style-type: none"> • Internal • External 		External Audit ✓	Internal Audit ✓
Financial Statements (for information)	✓		
Review of the draft Annual Report of the Audit Committee	✓		
Risk Management	✓	✓	✓
Financial Regulations		✓	
Funding Assurance Reports		✓	
Audit Committee Self-Assessment			✓
Annual Review of Committee Terms of Reference			✓
Quality Resourcing Solutions (formerly Stamford Plus Limited)*			
Confidential Items that the Auditors may wish to discuss without staff present	✓	✓	✓
Update on previous Audit Recommendations	✓	✓	✓

Review of Performance and Performance Indicators			✓
Summary of Internal Audit Findings			✓
Internal Audit Strategy & Plan			✓
Internal Audit Reports & Feedback	✓	✓	✓
End of Year Auditors' Report: Progress on implementing Audit Recommendations			✓
Review of Performance and Performance Indicators		✓	
External Audit Plan			✓
Letter of Representation	✓		
Key Issues Memorandum	✓		

***NOTE** Quality Resourcing Solutions (formerly Stamford Plus Limited) is now under the Remit of the Finance & Resources Committee and so has been removed from the Audit Committee's Business Plan.