



**SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE**  
**FURTHER EDUCATION CORPORATION**

**AUDIT COMMITTEE**

**TERMS OF REFERENCE**

1. **MEMBERSHIP**

1.1 The membership shall have:

- a. Up to 4 members of whom at least 3 are members of the Corporation, with the option to include a co-opted external member.
- b. At least 1 member who has recent and relevant financial experience.

1.2 Members of the Audit Committee shall be appointed annually by the Corporation.

1.3 The Chair of the Audit Committee shall be annually appointed/reappointed by the Corporation.

1.4 A co-opted external member shall be appointed for a term not exceeding 4 years. Reappointment thereafter will be considered on the advice of the Search Committee.

1.5 A co-opted external member of the Audit Committee should not normally be appointed as its Chair, since the Chair has to be able to attend, as of right, all meetings of the Corporation.

1.6 The Chair of the Corporation and the Principal must not be a member of the Audit Committee.

2. **ACCOUNTABILITY AND PURPOSE**

2.1 The Audit Committee is responsible to the Corporation. The main purpose of the Committee is to advise on matters relating to the Corporation's audit arrangements and systems of internal control.

3. **ROLE OF THE COMMITTEE**

The role of the Audit Committee is:

3.1 To advise the Corporation on the adequacy and effectiveness of the College's whole system of internal control, and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).

3.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor, the internal audit service and the funding auditor (where appointed).

- 3.3 To advise the Corporation on the scope and objectives of the work of the internal audit service, the financial statements auditor, and the funding auditor (where appointed).
- 3.4 To ensure effective co-ordination between the internal audit service, funding auditor (where appointed) and financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.
- 3.5 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal audit service.
- 3.6 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 funding auditor (where appointed) and management's response to them.
- 3.7 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 financial statements auditors' management letter.
- 3.8 To consider and advise the Corporation on relevant reports by the National Audit Office and other funding bodies and, where appropriate, management's response to these.
- 3.9 To establish, in conjunction with College management, relevant annual performance measures and indicators and to monitor the effectiveness of the internal audit service, the financial statements auditor and the funding auditor (where appointed) through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 3.10 To produce an annual report for the Corporation and accounting officer which includes 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 internal audit service, the funding auditor (where appointed) and the financial statements auditor.
- 3.11 To ensure that all allegations of fraud and irregularity are properly followed up.
- 3.12 To be informed of all additional services undertaken by the internal audit service, the financial statements auditor and the funding auditor (where appointed).
- 3.13 To recommend the annual financial statements to the Corporation for approval.
- 3.14 To review and recommend changes to the Financial Regulations and Procedures to the Corporation for approval.
- 3.15 To review and recommend the Financial Management and Control Evaluation (FMCE) for approval, unless delegated authority has been provided to the Audit Committee by the Corporation for the approval of the FMCE.

4. **MEETINGS AND QUORUM**

- 4.1 The Committee shall meet at least three times each year to consider matters arising from its terms of reference, or matters placed on the agenda at the request of the Corporation or of the Chair or any member of the Committee.
- 4.2 The Principal/Chief Executive shall normally be in attendance.
- 4.3 Senior Management may be invited to attend Audit Committee meetings, particularly where their area of responsibility is under discussion.
- 4.4 The internal audit service (IAS), the financial statements auditor (FSA) and funding auditor (where appropriate) shall be invited to attend meetings as appropriate and be given the opportunity to raise any issues they wish to discuss in the absence of College Management.
- 4.5 The IAS or FSA or funding auditor (where appropriate) may request a meeting of the Audit Committee if they consider one is necessary.
- 4.6 The quorum for meetings shall be any two members, at least one of which should be a member of the Corporation.
- 4.7 All meetings shall be conducted to agenda approved by the Chair.
- 4.8 The agenda of each meeting shall be prepared by the Clerk in consultation with the Auditors and Chair of the Committee, and circulated together with all relevant agenda papers to all members of the Committee at least seven days before each meeting.
- 4.9 Where matters of a sensitive or confidential nature are to be discussed at a meeting the Clerk, in consultation with the Chair, shall reserve these matters to a confidential agenda. Details and papers of such agenda shall not be circulated unless the circumstances which caused them to be considered sensitive or confidential no longer pertain.

5. **REPORTING PROCEDURES**

- 5.1 The Clerk to the Corporation shall be the Clerk to the Audit Committee.
- 5.2 Audit Committee minutes shall be included in Corporation papers and reported upon at Corporation meetings.

Originator:	Clerk to the Corporation
Date of latest review:	January 2012
Date of last approval:	5 January 2012
Approved by:	Corporation
Review interval:	Annually
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