



AUDIT COMMITTEE

Terms of Reference, Constitution and Procedures

1 Terms of Reference

- 1.1 To advise the governing body on the effectiveness of the college's systems of internal control, and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).
- 1.2 To advise the governing body on the appointment, reappointment, dismissal and remuneration of the external auditor and the internal audit service.
- 1.3 To advise the governing body on the scope and objectives of the work of the external and the internal audit service.
- 1.4 To ensure co-ordination between the internal audit and external audit service.
- 1.5 To consider and advise the governing body on the audit strategy and annual internal audit plans for the internal audit service.
- 1.6 To advise the governing body on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor and management's responses to these.
- 1.7 To consider and advise the governing body on relevant reports by the National Audit Office, the LSC and other funding bodies, and where appropriate, Management's response to these.
- 1.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, and internal audit annual reports.
- 1.9 To establish, in conjunction with college management, relevant annual performance measures and indicators and to monitor the effectiveness of the internal audit service, and financial statements auditor through these measures and indicators, and based on this review, whether competition for price and quality of the service is appropriate.
- 1.10 To produce an annual report for the governing body 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 and External auditor.
- 1.11 To ensure that all allegations of fraud and irregularity are properly followed up
- 1.12 To be informed of all additional services undertaken by the Internal and External Audit Service in order to exercise its role the audit committee has the power to:
 - investigate any activity within its terms of reference.
 - seek any information it requires from the internal audit service, the financial statements auditor, governors, committees and college employees, plus relevant information from subcontractors and other third parties, and to consult internal and external audit service directly.
 - Obtain external professional advice.
 - The governing body must not add to terms of reference responsibilities that required the audit committee to adopt an executive role, or its members to offer professional advice to the

governing body. Advice should be given only in committee members' capacity as governors, and only within their terms of reference. Rather than adopt an executive role, the audit committee should seek formal professional opinions from the internal audit service, external auditor or other professional advisers to the governing body. The terms of reference should be formally approved by the governing body and this approval should be formally minuted.

- The Audit Committee must have the right, whenever it is satisfied that it is appropriate to do so, to go into confidential session and exclude any or all participants and observers, except the Clerk.

1.13 To specify risks and report these to the Director responsible.

1.14 To complete an annual Financial Management Control Evaluation document for the Learning and Skills Council (LSC) as part of the Framework for Excellence process.

2 Membership

2.1 The Committee shall comprise five members (at least 3 who must be Governors of the Corporation), at least one of whom must have relevant financial/audit experience.

2.2 The Committee may invite the Corporation's advisers or other parties to attend meetings. Such persons shall not have a vote but shall be entitled to speak at meetings.

2.3 The Principal and other senior post holders may not sit on the Committee but other members of staff may.

2.4 To maximise the Committee's independence and objectivity the following people shall not be eligible to sit on the Committee:

- a) those with executive responsibilities at senior level;
- b) members of the College Finance Committee;
- c) the Chair of Corporation; and
- d) governors who have significant interests in the College.
- e) employees, partners or those with a significant interest in any of the College's professional advisers or suppliers of other significant goods and services

2.5 The Clerk to the Corporation shall act as Clerk to the Committee.

3 Term of Office

3.1 Members shall be appointed annually by the Corporation.

3.2 At the end of their term of office, members may be re-appointed, subject to their remaining eligible.

3.3 Any member, who has been absent from meetings of the Committee for more than two consecutive meetings without permission of the Chair of Audit Committee, shall cease to be a member of the Committee.

4 Chair and Vice-Chair

4.1 The Committee shall appoint a chair and vice-chair, elected (if necessary) by a majority of votes cast by members.

4.2 The term of office for chair and vice-chair shall be one year but a chair or vice-chair may stand for re-election. A chair or vice-chair shall cease to hold office, if they resign by giving written notice to the Clerk to the Corporation, or if they cease to be a member of the Committee.

- 4.3 The Committee shall select one of its members to preside over a meeting if both the chair and vice-chair are unable to attend.

5 Quorum

- 5.1 The quorum for the Committee shall be three governors.

6 Frequency of Meetings

- 6.1 The Committee shall meet at least once per college term. If the internal or external auditors request a meeting of the Committee, the Committee shall endeavour to comply with such request.
- 6.2 Meetings shall be convened by the Clerk to the Corporation giving at least seven days notice and providing a full agenda to every member. Such notice shall state the time, date and place of the meeting.
- 6.3 If in the reasonable opinion of the chair or, in his absence, the vice-chair there are matters, which require urgent consideration, the Clerk to the Corporation may convene a meeting of the Committee, giving at least three days notice.

7 Record of Meetings

- 7.1 The names of members present at a Committee meeting shall be recorded in the minutes of the meeting.
- 7.2 The chair shall sign the minutes of the previous meeting at the following meeting to confirm that they are an accurate record.
- 7.3 Copies of the agenda, papers, draft minutes approved by the Chair or, in his absence, the Vice-Chair, and signed minutes for each meeting shall be made available for public inspection as soon as reasonably practicable at Priory House, Shrewsbury Sixth Form College, Priory Road, Shrewsbury, with the exception of items referred to in 7.4 below.
- 7.4 An item may be excluded from public inspection if it relates to:
- a) a named person employed at, or proposed to be employed at, the College
 - b) a named student at, or candidate for admission to, the College; or
 - c) any matter which the Committee is satisfied should be dealt with as confidential.
- 7.5 At each meeting the Committee shall consider whether items previously considered confidential should remain so.
- 7.6 Members shall respect the confidentiality of items of business, which have been determined as confidential.

8 Voting

- 8.1 Where the Committee cannot reach agreement on any matter, it shall be determined by a majority vote. Where the votes are equal, the chair shall have a second or casting vote.
- 8.2 All members shall comply with the doctrine of collective responsibility and stand by a decision once made.
- 8.3 Members may not vote by post or by proxy.

9 Code of Conduct

- 9.1 In carrying out their functions members are expected to act in accordance with the seven principles of public life, as recommended by the Nolan Committee's report, "Standards in Public Life", namely: selflessness; integrity; objectivity; accountability; openness; honesty; and leadership.
- 9.2 Members shall declare their interest, whether pecuniary or non-pecuniary, in any item on the agenda. They shall take no part in the decision relating to that item and not form part of the quorum, when any decision is made in respect of that item.
- 9.3 Members shall not allow any conflict of interest to arise, which may interfere, or be perceived to interfere, with the exercise of their independent judgement.
- 9.4 Members shall not accept gifts, hospitality or benefits of any kind, which may be seen as compromising their personal judgement, objectivity or integrity.
- 9.5 In conducting its business the Committee shall have regard to the requirements of the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995, the Human Rights Act 1999, the Data Protection Act (PPA) 1998 and the Freedom of Information Act (FOI) 2000 and the Human Right Act 2000 in respect of Surveillance and the proceeds of Crime Act (Money Laundering).

10 Complaints

- 10.1 Any complaints about the operation of the Committee shall be addressed in the first instance to the Clerk to the Corporation, who shall seek to resolve the complaint and report the outcome to the next meeting of the Committee. If the complaint cannot be resolved by the Clerk, it shall be reported to the next meeting of the Corporation.

11 Amendments to this Document

- 11.1 The Committee shall review the Terms of Reference, Constitution and Procedures every three years and as necessary or if required by further guidance or statutory requirements.
- 11.2 Any amendments to this document shall be approved by the Corporation.