Barking & Dagenham College

AUDIT COMMITTEE
TERMS OF REFERENCE

1 **Purpose**

The role of the Audit Committee is advisory. The Committee must provide advice to the Corporation and its subsidiaries on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

2. **Membership**

2.1 The Committee shall comprise at least three Members of the Corporation.

2.2 Co-options to the Committee will be permitted but co-opted members will not be permitted to Chair the Committee.

2.3 The quorum for the Committee shall be two members. The Co-opted Member will count towards quorum.

2.4 If a quorum is not achieved the meeting shall be suspended and reconvened with the same agenda within 14 days (or as soon as is reasonably practicable).

2.5 The Audit Committee must include at least one person, whether a Member of the Corporation or not, with relevant financial or audit experience.

2.6 Membership will include individuals with an appropriate mix of skills and experience to allow the Committee to discharge its duties effectively.

2.7 The Principal and other senior postholders may not be members of the Committee but the CFEO and members of the Senior Leadership Team may attend the Committee where matters in their area are being discussed.

2.8 The Corporation Chair and members of the Policy & Resources Committee will not be permitted to serve on this Committee.

2.9 The Clerk to the Committee shall be the Clerk to the Corporation.

2.10 The Chair and Vice Chair of the Committee will be appointed on an annual basis and elected by the Committee.

2.11 The Chief Financial & Enterprise Officer and the Director of Finance & Estates will attend meetings for the purpose of providing advice and information.

2.12 The College's Internal Auditors, Financial Statements Auditors and Funding Auditor (where appointed) will be entitled to attend and speak at all committee meetings.

2.13 The Committee shall normally meet termly. Additional meetings may be called as necessary in agreement with the Chair of the Committee.

3. **Terms of Reference**

3.1 The Audit Committee has the right to investigate any activity within its terms of reference. The Committee has the right to access all the information and explanations it considers necessary, from whatever source, to fulfill its remit.

3.2 To assess and advise the Corporation on: the adequacy and effectiveness of the College's assurance arrangements and those of its subsidiary companies (where applicable): its arrangements for risk management, framework of governance and control processes for the effective and efficient use of resources (value for money); and control processes for the solvency of the institution and the safeguarding of its assets.

3.3 To advise the Corporation on the appointment, re-appointment, dismissal and remuneration of the Financial Statements Auditor and the Internal Audit Service.

3.4 To advise the Corporation on the scope and objectives of the work of the Financial Statements Auditor (FSA), reporting accountant and other assurance providers (if applicable).

3.5 To consider and advise the Corporation on relevant reports by the National Audit Office (NAO) and the Education Skills Funding Agency (ESFA) and other funding bodies and, where appropriate, management's response to these.

3.6 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the Internal Audit Service (IAS).

3.7 To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the FSA (including their work on regularity) and the Funding Auditor (where appointed) and College management's response to these.

3.8 To ensure effective coordination between the IAS, the Funding Auditor (where appointed) and the FSA including whether the work of the Funding Auditor should be relied upon for internal audit purposes.

3.9 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 letters and spot-check reports (where appropriate) and FSA's management letters.

3.10 To establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and FSA through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.

3.11 To recommend the FSA'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.

3.12 To inform the Corporation of any additional services provided by the FSA, reporting accountant and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded.

3.13 To produce an annual report for the Corporation and the 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 FSA.

3.14 To ensure that all allegations of fraud and irregularity are properly followed up and to oversee the college's policies on fraud and whistleblowing. To ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity. All investigating outcomes to be reported to the Audit Committee. All significant cases of fraud (or suspected fraud) or irregularity to be reported to the ESFA.

3.15 To advise on such financial issues as the Corporation may request from time to time.

3.16 The committee shall recommend the annual financial statements to the Corporation for approval.

3.17 The Audit Committee has 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 to the

Committee. When the Audit Committee exercises this right, the rules relating to quoracy must be observed.

3.18 Senior management should be invited to attend Audit Committee meetings, particularly where their area of responsibility is under discussion.

3.19 The frequency and duration of meetings shall have due regard to the planning and reporting cycle of the internal and financial statements audit. The Committee will normally meet at least termly.

3.20 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.

3.21 Recommendations for Corporation decision will be included on the Agenda of the next Corporation meeting after the date of the Committee.

3.22 The Committee will be held accountable by the presentation of meeting minutes by the Committee Chair to the meetings of the Corporation.

3.23 The Audit Committee must have the right of access to obtain all the information it considers necessary from members of the staff and Corporation Members, and to consult the IAS and FSA (and Funding Auditor if one is appointed) directly.

3.24 In order to ensure good practice, the terms of reference will be reviewed annually by the Committee. Next review – December 2020.