

Tameside College Further Education Corporation

Audit Committee Terms of Reference 2021/22

1 Constitution

- 1.1 The Tameside College Further Education Corporation hereby resolves to adopt the following terms of reference for the Audit Committee established in accordance with Clause 6 of the Articles of Government of the College.

2 Objective

- 2.1 The Audit Committee shall:

- (i) advise the Corporation on the adequacy and effectiveness of the Corporation's assurance framework;
- (ii) advise and support the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

- 2.2 The Audit Committee shall ensure that the internal control systems and processes, including audit activities, of the Corporation and any of its subsidiaries are monitored actively, independently and objectively in order to:

- (i) improve the effectiveness of the College's internal controls;
- (ii) maintain the independence and effectiveness of the internal and external audit function;
- (iii) provide a sounding board for College management on issues of concern in connection with the College's internal control systems;
- (iv) advise on the reliability of the College's information systems;
- (v) underpin the objectivity and independence of the External Auditor and Reporting Accountant;
- (vi) increase public confidence in the objectivity and fairness of the Corporation's financial reports and in the quality of College systems for risk management and corporate governance;
- (vii) provide a medium of communication from auditors that is not controlled by College management.

3 Membership

- 3.1 The Committee shall be appointed by the Corporation and shall comprise five Members including:

- up to five Members of the Corporation
- up to one external co-opted Member

The Chair of the Corporation, the Principal, Staff Governor and any employee of the Corporation who holds a senior post shall be ineligible for membership of the Audit Committee.

- 3.2 Any persons co-opted to serve on the Committee will be of established standing and reputational integrity in the community which the College services but independent of the

College. Such members will be free from any business or other relationship with the College which might compromise the exercise of their independent judgement.

- 3.3 The Corporation has a responsibility to maintain the Committee's independence in appointing Members.
- 3.4 The Corporation has a responsibility to 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.
- 3.5 The Committee must not adopt an executive role.
- 3.6 A quorum shall be three Members.
- 3.7 The Chair of the Audit Committee shall be appointed by, and be a Member of, the Corporation.
- 3.8 If the Chair is absent from any meeting of the Committee, the Members present shall choose one of their number to act as Chair for that meeting.
- 3.10 Corporation Members who are Members of the Audit Committee shall hold a term of office on the Committee which is commensurate with their term of office as a Member of the Corporation.
- 3.11 Members who reach the end of their term of office shall be eligible for re-appointment to the Committee.

4 Attendance at Meetings

- 4.1 Members of College management shall normally attend meetings at the invitation of the Committee, particularly where their area of responsibility is the subject of an audit report. The Committee shall also have the power to invite such other persons to attend meetings as may be desirable and necessary.
- 4.2 The Internal Audit Service must be invited to attend all meetings, as must the External Auditor and Reporting Accountant where business relevant to them is being discussed.
- 4.3 Other Corporation Members shall have a right of attendance as observers.
- 4.4 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 Corporation. When the Committee exercises this right the rules relating to quoracy must be observed.

5 Frequency of Meetings

- 5.1 Meetings shall be held not less than once in each term (i.e. at least three times in each academic year). The Internal Audit Service or the External Auditor and Reporting Accountant may request a meeting if they consider that one is necessary.

6 Authority

- 6.1 The Audit Committee is authorised by the Corporation to investigate any activity within its

terms of reference. The Committee is authorised to seek any information it requires from any Corporation Member, Committee of the Corporation or employee of the College and all Corporation Members and employees of the College are directed to co-operate with any request made by the Audit Committee.

- 6.2 The Audit Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary provided that the Committee may not incur direct expenditure in this respect in excess of £5,000 (plus VAT) in a College Financial Year, without the prior approval of the Corporation.
- 6.3 The Audit Committee has the right to consult the Internal Audit Service and the External Auditor and Reporting Accountant directly.

7 Duties

7.1 The Audit Committee shall:

- (i) 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 College and the safeguarding of its assets;
- (ii) to act as the Risk Committee, reviewing the key risks to which the College is exposed, approving the risk management policy, risk register and action plan against significant risks, and monitoring the action plan against significant risks;
- (iii) advise the Corporation on the appointment, re-appointment, dismissal and remuneration of the Internal Audit Service, External Auditor, Reporting Accountant and other assurance providers (if applicable) and establish that all such assurance providers adhere to relevant professional standards. In particular, the Committee will ensure that the External Auditor and Reporting Accountant contract is re-tendered at least every five years;
- (iv) inform the Corporation of any additional services provided by the Internal Audit Service, External Auditor, Reporting Accountant and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded;
- (v) establish, in conjunction with College management, relevant annual performance measures and indicators and to monitor the effectiveness of the performance of the Internal Audit Service and the External Auditor and Reporting Accountant and decide, based on this assessment of performance, whether a competition for price and quality of the audit service is appropriate;
- (vi) monitor, within an agreed timescale, the implementation of recommendations arising from any reports of audit and assurance providers;
- (vii) 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 Reporting Accountant and Internal Audit Service have been informed, 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 ESFA;
 - risks around fraud have been identified and controls put in place to mitigate them;
- (viii) advise the Corporation on the scope and objectives of the work of the Internal Audit Service and the External Auditor and Reporting Accountant;
- (ix) ensure effective co-ordination between the Internal Audit Service and the External Auditor and Reporting Accountant;
- (x) advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the External Auditor and Reporting Accountant and College management's response to these;
- (xi) consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Chief Executive of Skills Funding and other funding bodies, and where appropriate, College management's response to these;
- (xiv) 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;
 - 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;
 - 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, 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;
 - submit the annual report to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed;
- (xii) make recommendations to the Corporation on the approval of the College's annual accounts following the Committee's review of the External Auditor and Reporting Accountant's management letter and consideration of the statements on Corporate Governance, Responsibilities of Members of the Corporation and the System of Internal Control;
- (xiii) undertake an annual review of its terms of reference and its compliance with them and make recommendations to the Corporation as necessary;
- (xiv) consider the development and training available to its members;
- (xv) to consider other matters, as determined from time to time by the Corporation.

8 Reporting Procedures

- 8.1 The Clerk to the Corporation shall act as Clerk to the Audit Committee and shall circulate the minutes of the meetings of the Audit Committee to all Corporation Members and, for

information, to the Internal Audit Service provider and the Financial Statements and Regularity Auditor.

- 8.2 The Audit Committee shall produce an annual report for the Corporation and the Principal, as Accounting Officer, before the statement of corporate governance and internal control in the accounts is signed, summarising the Committee's activities relating to the financial year under review, including:
- (i) a summary of the work undertaken by the Committee during the year;
 - (ii) any significant issues arising up to the date of the preparation of the report;
 - (iii) any significant matters or internal control included in the reports of audit and assurance providers;
 - (iv) the Committee's view of its own effectiveness and how it has fulfilled its term of reference;
 - (v) the Committee's 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.