



REDCAR &
CLEVELAND
COLLEGE

**TERMS OF
REFERENCE**

AUDIT

COMMITTEE

REDCAR & CLEVELAND COLLEGE

TERMS OF REFERENCE

AUDIT COMMITTEE

1. CONSTITUTION

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

2. OBJECTIVE

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

- improve and maintain the effectiveness of the College's internal controls;
- reinforce the independence and effectiveness of the internal audit function;
- provide a sounding board for College management on issues of concern in connection with the College's internal control systems;
- advise on the reliability of the College's information systems;
- underpin the objectivity and independence of the external auditors;
- increase public confidence in the objectivity and fairness of the Corporation's financial reports and in the quality of the College's corporate governance.

2.2 To provide a medium of communication from the Corporation's auditors which is not controlled by College Management.

3. MEMBERSHIP

3.1 The Committee shall be appointed by the Corporation and consist of: Five Corporation members (excluding members of the Corporation's Finance Committee, the Chairman of the Corporation, the Principal and any Co-opted members who are members of the College's senior management), and one co-opted external member.

3.2 A quorum shall be three members and for a meeting to be quorate there must always be a majority of Corporation members present.

3.3 The Chairman of the Committee shall be elected by this Committee and recommended to the Corporation for appointment.

4. ATTENDANCE AT MEETINGS

4.1 The Principal or some other senior manager who is responsible for the College's internal control and a representative of the internal auditors shall normally attend meetings at the invitation of the Committee, and the

Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary.

4.2 Other Corporation members shall have a right of attendance, save the Committee may, when they are satisfied that it is appropriate, meet with representatives of the internal and/or external auditors without the Principal or staff or student members being in attendance.

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

5. FREQUENCY OF MEETINGS

5.1 Meetings shall be held not less than three times a year. The internal or external auditors may request a meeting if they consider that one is necessary.

6. AUTHORITY

The Committee is authorised by the Corporation:

6.1 To investigate any activity within its terms of reference.

6.2 To seek any information it requires from the internal audit service, the external auditor, governors, committees and College employees, plus relevant information from sub-contractors and other third parties.

6.2 Obtain initial external 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 £500 without the prior approval of the Corporation.

7. DUTIES

The duties of the Committee are:

7.1 to advise the governing body on the adequacy and 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);

7.2 to advise the governing body on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the Internal Audit Service (IAS);

7.3 to advise the governing body on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor;

7.4 to ensure effective coordination between the IAS, the funding auditor and the financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes;

7.5 to consider and advise the governing body on the audit strategy and annual internal audit plans for the IAS;

- 7.6 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 the funding auditor, and management's responses to these;
- 7.7 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 and the financial statements auditor's management letter;
- 7.8 to consider and advise the governing body on relevant reports by the NAO, the LSC and other funding bodies, and where appropriate management's response to these;
- 7.9 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;
- 7.10 to produce an annual report for the governing body 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 and the financial statements auditor;
- 7.11 to ensure that all allegations of fraud and irregularity are properly followed up;
- 7.12 to be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors.
- 7.13 to meet with the F & GP Committee and jointly to consider and recommend to the Board for its approval the annual financial statements of the College
- 7.14 to consider annually and advise the Corporation on any required amendments to the Standing Orders and Policies of the Corporation and the Terms of Reference of the Committees of the Corporation (minute 338 of the Board).

8. REPORTING PROCEDURES

- 8.1 The Clerk to the Committee shall circulate minutes of the meetings of the Committee to all Corporation members.
- 8.2 The Committee shall provide a report of its work to the Corporation, annually or more frequently, if necessary.

Adopted October 2008