



TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

The current terms of reference for the Audit Committee are as follows:

- 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.
- 2.** To advise the governing body on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service.
- 3.** To advise the governing body on the scope and objectives of the work of the internal audit service, the financial statements auditor and funding auditor (where appointed).
- 4.** To ensure effective co-ordination between the internal audit service, the financial statements auditor and the funding auditor (where appointed) including whether the work of the funding auditor should be relied upon for internal audit purposes.
- 5.** To consider and advise the governing body on the audit strategy and annual internal audit plans for the internal audit service.
- 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, including their work on regularity and the funding auditor (where appointed) and management responses to these.
- 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 (where appointed) management letter and spot – check reports and the financial statements auditor's management letter.
- 8.** To consider and advise the governing body on relevant reports by the National Audit Office, the Learning and Skills Council and other funding bodies, and where appropriate, management's response to these.
- 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 decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 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 (where appointed) and the financial statements auditor.

11. To produce an annual report that all allegations of fraud and irregularity are properly followed up.

12. To be informed of all additional services undertaken by the internal audit service, the financial statements auditors and the funding auditors.

13. To recommend the annual financial statements to the governing body for approval.

Terms of reference are based on good practice guidelines in Supplement B to the Learning and Skills Council Circular 04/07 – Audit Code of Practice.