

FARNBOROUGH COLLEGE OF TECHNOLOGY

AUDIT COMMITTEE: TERMS OF REFERENCE

1. MEMBERSHIP

- i. The committee shall comprise no more than seven members, and must not include the Chair of the Corporation, the Principal and members of the Finance and General Purposes Committee. At least one member of the committee should have relevant financial or audit qualifications and experience.
- ii. The committee may invite the Corporation's advisers or other third parties to attend meetings of the committee as appropriate. Such persons shall be entitled to speak at meetings but not have a vote.
- iii. The Chair and Deputy Chair of the Committee shall be selected by the committee.
- iv. The Principal and the Director of Finance shall normally be invited to attend the committee's meetings. The committee may also invite other post holders to attend meetings as appropriate. Members of staff who are not members of the committee who may be invited to attend meetings shall be entitled to speak but not have a vote.
- v. The quorum for meetings of the committee shall be three members.
- vi. The Clerk to the Corporation shall act as Clerk to the committee.

2. TERMS OF REFERENCE

- i. To advise the Corporation on the adequacy and effectiveness of the college's audit arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.
- ii. To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards.
- iii. To advise the Corporation on the scope and objectives of the work of the Internal Audit Service (IAS), the financial statements auditor and the funding auditor.
- iv. To ensure effective co-ordination 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.

- v. To consider and advise the Corporation on the audit strategy and annual internal audit plans for the IAS.
- vi. To advise the Corporation on internal audit assignment 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.
- vii. To monitor the implementation within an agreed timescale of recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and the financial statements and regularity auditor's management letter.
- viii. To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Education and Skills Funding Agency (ESFA) and other funding bodies and, where appropriate, management's response to these.
- ix. To establish, in conjunction with the college's 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.
- x. To produce and submit an annual report to the Corporation and the Accounting Officer (as specified by the Joint Audit Code of Practice) in the autumn of each year before the approval of the related Financial Statements.
- xi. To consider the college's policies on anti-bribery, risk management and whistleblowing, and to oversee the College's policy on fraud and irregularity, including being notified of any action taken under that policy.
- xii. To ensure the proper, proportionate and independent investigation, reporting and follow-up of all allegations and instances of suspected fraud, fraud and irregularity.
- xiii. To be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors.
- xiv. To review the annual financial statements and in particular any implications for internal control.
- xv. To comply with the Post 16 Audit Code of Practice and the requirements of the FE and Sixth Form Colleges' Governance Guide.

- xvi. The committee shall meet at least once in each term and, after each meeting, shall report to the next meeting of the Corporation Board.
- xvii. The committee shall also annually review its effectiveness to ensure that all responsibilities are being met.
- xviii. The committee will also ensure that its members receive the necessary training to fulfil their roles as Governors on the committee.
- xvix. To review the Committee's Terms of Reference annually and recommend them to the Board.

3. SPECIFIC RIGHTS AND POWERS

- i. The Committee has the authority to investigate any activity within its Terms of Reference.
- ii. The Committee has the right of access to obtain all the information and explanations it considers necessary from whatever source, to fulfil its remit.

Reviewed by Audit Committee 21st November 2022
Approved by Corporation Board 8th December 2022