



AUDIT COMMITTEE

- Six Governors
- Quorum three members
- Maximum of two co-options
- To exclude Chairman of Governors, Principal and members of the Finance and Policy Committee as Committee Members
- Principal in attendance
- SMT in attendance as required
- Clerk to Governors in attendance
- Managers of areas subject to audit report in attendance as required
- To meet at least once per term
- To ensure that the College, Internal, Funding and Financial Statements auditors operate in accordance with relevant LSC circulars and guidelines on audit matters and the LSC Audit Code of Practice
- Internal Audit Manager in attendance
- Financial Statements Audit Manager in attendance as required

Terms of Reference

1. To advise the Board of Governors on the adequacy and effectiveness of the College's systems and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness.
2. To advise the Board of Governors on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and internal audit service.
3. To advise the Board of Governors on the scope and objectives of the work of the internal audit service, financial statements auditor and the funding auditor.
4. To ensure effective co-ordination between the internal audit service, the funding auditor and financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.
5. To consider and advise the Board of Governors on the audit strategy and annual plans for the internal audit service.
6. To advise the Board of Governors 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 the Senior Management Team's response 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 management letter and spot-check reports and the financial statements auditor's management letter.

8. To consider and advise the Board of Governors on relevant reports by the National Audit Office and the LSC, and where appropriate, Senior Management Team's response to these.
9. To establish, in conjunction with College Senior Management Team, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal audit service and financial statements auditors 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 Board of Governors and Principal, as 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 internal audit service, the funding auditors and the financial statements auditor.
11. To ensure that all allegations of fraud and irregularity are promptly followed up.
12. To be informed of all additional services undertaken by the internal audit service, the financial statements auditor and the funding auditors.

In addition to the above, the Committee to have the authority to :-

- Investigate any activity within the terms of reference.
- Seek any information it requires from the internal audit service, the financial statements auditor and funding auditors, Governors, Committees and College employees, plus relevant information from contractors and other third parties.
- Obtain professional advice.

Approved By Board of Governors 1 April 2008