



## **THE WINDSOR FOREST COLLEGES GROUP CORPORATION**

### **AUDIT COMMITTEE**

#### **TERMS OF REFERENCE**

##### **1.0 PURPOSE**

- 1.1 To advise the Corporation on the effectiveness of the College Group's whole system of internal control, including controls for securing economy, efficiency and effectiveness (value for money) and its arrangements for risk management, control and governance processes.
- 1.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service.
- 1.3 To advise the Corporation on the scope and objectives of the work of the financial statements auditor, funding auditor, internal auditor and other audit service providers.
- 1.4 To ensure effective co-ordination between the internal audit service, funding auditor and financial statements auditor.
- 1.5 To consider and advise the Corporation on the audit needs assessment and strategic and annual internal audit plans for the internal audit service.
- 1.6 To advise the Corporation on the arrangements for risk management and to review key risk documents.
- 1.7 To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the financial statements auditor's and funding auditor's management letters, and management's response to these.
- 1.8 To consider and advise the Corporation on relevant reports by the National Audit Office (NAO) and Funding Agencies, and where appropriate, management's response to these.
- 1.9 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, funding auditors and financial statements auditors' management letters.
- 1.10 To establish, in conjunction with College Group management, relevant performance measures and indicators and to monitor the effectiveness of the internal audit service, and financial statements auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 1.11 To produce an annual report for the Corporation, which includes the committee's advice on (a) the effectiveness of the College Group's system of risk management, internal control and governance processes; (b) any significant matters arising from the work of the internal audit service, funding auditor, financial statements auditor and other audit service providers.



- 1.12 To provide Annual Assurance to the Corporation to be included in the Financial Statements.
- 1.13 To ensure that the internal audit service is adequately resourced and has appropriate standing within the Corporation.
- 1.14 To ensure that all allegations of fraud and irregularity are properly followed up.
- 1.15 To be informed of all additional services undertaken by the internal audit service, the funding auditors, the financial statements auditors and other audit service providers.
- 1.16 To have oversight of the Whistleblowing Procedure.
- 1.17 To monitor the work of any other Consultant Services.

## **2.0 POWERS AND DUTIES**

- 2.1 The Corporation is required to have an Audit Committee by the Articles of Government (Article 5(5)).
- 2.2 In order to exercise its role, the Audit Committee will have authority to:
  - 2.2.1 Investigate any activity within its terms of reference.
  - 2.2.2 Seek any information it requires from the internal audit service, the financial statements auditor, governors, committees and College Group employees, plus relevant information from subcontractors and other third parties.
  - 2.2.3 Obtain external professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers it necessary.

## **3.0 MEMBERSHIP**

- 3.1 The Committee shall consist of five members.
- 3.2 All members of the committee shall be entitled to vote.
- 3.3 At least one member should have relevant skills and experience in specifying and reviewing internal audit services.
- 3.4 The following persons may not be members of the Audit Committee:
  - 3.4.1 Governors with significant financial interests in the College Group as determined by the Corporation.
  - 3.4.2 The Group Principal/CEO, senior postholders and staff who have significant executive, management, financial or budgetary responsibilities.



- 3.4.3 Employees or partners or those with a significant interest in any of the College Group's professional advisers or suppliers of other significant goods or services.
- 3.4.4 The Chair of the Corporation and members of the Resources Committee or any sub-committee of the Resources Committee.
- 3.4.5 Staff Governors shall not be Members of the Audit Committee
- 3.5 The Corporation will determine the membership of the Committee.
- 3.6 The appointed members will hold office for one year and will be eligible for re-appointment thereafter.

#### **4.0 CHAIR AND VICE-CHAIR**

- 4.2 At the first meeting of the yearly Committee cycle, the Committee will appoint a Chair and a Vice-Chair from amongst their number, subject to the approval of the Corporation.
- 4.3 The Chair and the Vice-Chair shall each hold office for one year, but shall be eligible for re-appointment thereafter.

#### **5.0 QUORUM**

- 5.1 Meetings of the Committee will be quorate if two committee members are present.

#### **6.0 PROCEEDINGS OF MEETINGS**

- 6.1 The Committee will meet at least three times in each College Group year; the frequency and timing of meetings will also to be determined by the Committee business and the planning and reporting cycle of the internal and financial statements audit. Additional meetings will normally be called by the Chair of the Committee. A representative of the internal audit team or external audit team will have a right of access to the Chair of the Committee, and have a right to ask the Group Principal/CEO or Chair, as appropriate, through the Clerk, to convene a meeting and vice versa.
- 6.2 Meetings will be clerked by the Clerk to the Corporation, who will also maintain the official record of the meetings, minutes and attendance of the Committee.
- 6.3 In accordance with the Instrument and Articles of Government (1h), presence at the meeting may include by phone or video conference facilities.
- 6.4 All matters to be decided at a meeting of the Committee will, unless there is clear unanimity on that matter, be decided by a majority of the members present and voting.



- 6.5 Non-confidential sections of meetings will be open to the public to attend by application to the Clerk or Chair at least four days before the meeting, subject to the requirements of necessary confidentiality.
- 6.6 The Group Principal/CEO and/or other senior manager who is responsible for the College Group's internal control procedures will normally attend meetings at the invitation of the Committee, and the Committee will have the power to invite such other persons to attend meetings as may be desirable and necessary. Attendance will include senior managers from any part of the College Group's system of internal control under examination.
- 6.7 Governors who are not members of the Committee have the right to attend meetings, save that the Committee may, when it is satisfied that it is appropriate, go into confidential session and exclude any or all non-committee members and observers.
- 6.8 The head of internal audit should normally attend, as a minimum, all meetings where internal audit plans and reports are to be discussed. The financial statements audit partner should normally attend any meetings where the management letter or other report is being considered. If the head of internal audit or financial statements audit partner is unable to attend, a suitable representative should attend with prior agreement from the Chair of the Committee.
- 6.9 The Committee will meet in the absence of the financial statements and internal auditors when the appointment and remuneration of the auditor is being discussed.
- 6.10 The attendance of observers at Audit Committee meetings except as provided in these terms of reference is not permitted.

## **7.0 REPORTING**

- 7.1 The Committee shall report to the Corporation.

## **8.0 TERMS OF REFERENCE REVIEW**

- 8.1 The Review of the Terms of Reference normally will be every 2 years or earlier as required.