

# **BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION**

## **AUDIT COMMITTEE - TERMS OF REFERENCE**

*(Reviewed by the Audit Cttee on 19 June 2019, 23 November 2022)*

### **1. Membership**

7 members with specific risk management, finance, audit and assurance experience, The Chair of the Corporation, the Principal, any members of the Finance and Resources Committee, Staff Members employed within the Finance and Student Administration Departments, or if they have significant financial responsibility, are excluded from membership of the Audit Committee.

The Audit Committee must ensure that it maintains its independence when considering the appointment of members.

Within the overall membership of the Committee, one member, who is not a member of the Corporation, may be co-opted by the Corporation as a member of the Audit Committee if they have relevant skills.

### **2. Quorum**

3 members.

### **3. Purpose**

The role of the Audit Committee is to advise the Corporation on the adequacy and effectiveness of the College's assurance framework. In addition, the Audit Committee must advise and support the Corporation in explaining in its annual report and accounts the measures it (the Audit Committee) has taken to ensure it has fulfilled its statutory and regulatory responsibilities. The annual Accounts Direction sets out the funding bodies' specific requirements for that year that must be included in the Statement of Corporate Governance and Internal Control.

To provide a means of communication with the Corporation's auditors, that is not controlled by College Management.

To ensure that any audit requirements placed on the Committees of the Corporation are met.

### **4. Appointment of Chair and Vice Chair**

The Committee shall elect a Chair and Vice Chair from among its members. The terms of office shall be for two years. Staff Members, Student Members or any external Co-opted Member shall not be eligible for election as Chair or Vice Chair.

### **5. In Attendance**

The Principal, Internal Auditor, Financial Statements and Regularity Auditor.

Other Managers can be invited to attend meetings as required.

The Committee has the right to invite any other person to attend for a part of or for the whole of a meeting.

All persons In Attendance shall have no voting rights.

## **6. Meetings**

The Committee shall meet as and when necessary for the proper discharge of its responsibilities but shall meet at least once per term.

The Clerk to the Corporation shall act as Clerk to the Committee.

The Committee may, when it is satisfied that it is appropriate to do so, meet with representatives of the Internal Audit Service and/or the Financial Statements/Regularity Auditor, without the Principal or Officers in Attendance being present.

All responsibilities of the Committee are to be regarded as advisory, except in the case of specific items, with clearly defined limits, which may be delegated by the Corporation from time to time. Consequently, all decisions of the Committee shall be referred to the Corporation for confirmation, except those specifically delegated, which shall be reported to the Corporation.

The audit committee must not adopt an executive role.

## **7. Terms of Reference**

As a minimum, the duties of the audit committee must be to:

1. To advise the Corporation on the adequacy and effectiveness of the College's systems and its arrangements for risk management, control, and governance processes, for ensuring the solvency of the College and the safeguarding of its assets and for securing economy, efficiency, and effectiveness.
2. To maintain and keep under continuous review a Risk Register showing the strategic risks to which the College is exposed and the arrangements to mitigate or manage those risks and to satisfy itself as to the adequacy of those arrangements.
3. To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditor and internal audit service provider and establish that all assurance providers adhere to relevant professional standards.
4. To inform the Corporation of any additional services provided by the financial statements and regularity auditor, the internal audit service provider and any other audit or assurance provider and explain how independence and objectivity were safeguarded
5. To ensure effective co-ordination between the financial statements and regularity auditor, the internal audit service provider and any other assurance providers including the funding auditor.
6. To consider and advise the Corporation annually on the proposed audit strategy and the work plan for the Committee including its proposals for obtaining assurance in relation to specific risks.
7. To advise the Corporation on the outcomes of the reviews undertaken as part of the Committee's work plan, the resulting impact and actions required and the implications for the Board; and on control issues identified in the management letters of the financial statements auditor and the funding auditor, with the Senior Leadership Team's responses to these.
8. To monitor, within agreed timescales, the implementation of agreed recommendations resulting from assurance reviews.
9. To consider and advise the Corporation on the outcomes of any reviews undertaken by third parties.

10. To establish, in conjunction with the Senior Leadership Team, relevant annual performance measures and indicators, to monitor the effectiveness of the internal audit service provider and the financial statements and regularity auditor against those measures and indicators and to make a recommendation to the Corporation, based on that monitoring, whether a competition for price and quality of either audit service is appropriate.
11. To produce an annual report for the Corporation and the Principal (as accounting officer) which must include the Committee's opinion on the effectiveness of the College's risk management, control and governance processes and of the Audit Committee itself and draw attention to any significant issues arising from assurance reviews.
12. To maintain and periodically review the College's policies on fraud and irregularity and whistleblowing and make recommendations to the Corporation as and when required for changes to those policies; to ensure the proper, proportionate and independent investigation of all instances or allegations of fraud or irregularity; to ensure that investigation outcomes are reported to the Committee, that the external and internal auditors are informed, that appropriate follow-up action is taken and that all significant cases are reported to the chief executive of the appropriate funding body.
13. To investigate any other matter that appears to the Committee to fall within these terms of reference, or have been referred to it by the Corporation, seeking information as required from auditors and other assurance providers, Governors and College staff, contractors and third parties.

#### **8. Powers of the committee**

In order to exercise its role, the Audit Committee shall:

- Have the power to investigate any activity within its terms of reference.
- The right of access to obtain all the information and explanations it considers necessary, from whatever source (including subcontractors and other third parties) to fulfil its remit.
- Obtain external professional advice when it deems it appropriate.

#### **9. Review of Terms of Reference**

These Terms of Reference shall be subject to a formal review at least once every three years.

Date of next review: October 2025

---