

OAKLANDS COLLEGE CORPORATION

TERMS OF REFERENCE (TOR) FOR THE AUDIT COMMITTEE

1. **Introduction.** Information and authority for these TORs is contained in the:
 - a. Instruments and Articles of Government as approved by the Corporation;
 - b. Post 16 audit Code of Practice (ACOP); and
 - c. Corporation Standing Orders.
2. **The authority and responsibilities of the Committee.** The Committee:
 - a. has the authority to investigate any activity within its TOR;
 - b. has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit;
 - c. must comprise at least three members excluding the Chair of the Corporation and the Principal. The AC must ensure that it maintains its independence when considering appointment of members;
 - d. should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the committee should have recent, relevant experience in risk management, finance and audit and assurance; and
 - e. must not adopt an executive role.
3. **To meet these specific issues the Committee is to:**
 - a. assess and provide the Corporation with an opinion 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;
 - b. advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors (IAS) and establish that all such assurance providers adhere to relevant professional standards;
 - c. ensure effective coordination between the IAS, the funding auditor and the financial statements auditor;
 - d. consider and advise the Corporation on:
 - (i) the audit strategy for the financial statements auditor and the regularity auditor; and
 - (ii) the audit strategy and annual internal audit plans for the IAS.
 - e. inform the Corporation of any additional services provided by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded;
 - f. advise the Corporation 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 and management's responses to these;

- g. monitor, within agreed timescales, the implementation of recommendations arising from the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the college;
- h. consider and advise the Corporation on relevant reports by the National Audit Office (NAO) and the funding agencies, and, where appropriate, management's response to these;
- i. establish, in conjunction with college 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 to decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
- j. oversee the college's policies on fraud and irregularity and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity; that investigation outcomes are reported to the AC; that the external auditors (and IAS where appointed) have been informed, and that appropriate follow-up action has been planned/actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the chief executive of the appropriate funding body;

(Significant fraud is usually where one or more of the following factors are involved;

- (i) *there is likely to be great public interest because of the nature of the fraud or the people involved;*
- (ii) *the sums of money are in excess of £10,000 or specifically, and only, in relation to the 16-19 Bursary Fund a lower limit of £5,000 applies here; or*
- (iii) *the particulars of the fraud are novel or complex.)*

- k. produce an annual report for the Corporation. The annual report must summarise the committee's activities relating to the financial year under review; including any significant issues arising up to the date of preparation of the report, and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers. It must include the committee's view of its own effectiveness and how it has fulfilled its TOR. The report must include the AC's opinion on the adequacy and effectiveness of the college's audit arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency and effectiveness. The annual report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the AC's annual report must be submitted to the relevant funding body with the annual accounts: and
- l. recommend the Statement of Corporate Governance and Internal Control to the Corporation for approval.

4. **Relationship with the Corporation.** The Corporation expect that the AC will complete and/or advise on audit associated matters as detailed in the Audit Codes of Practice. The role of the AC is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance.

5. **Relationship with the Principal (Accounting Officer).** It remains the Principal's responsibility to ensure the satisfactory operation of day-to-day control framework however the internal and external auditors, together with the AC, contribute to this by provision of advice and assurance.

6. **Meetings.**

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Next review – Dec 2026

- a. **Audit Firms.** Each Committee meeting may be preceded by a private session between the Internal and External Auditors (If attending the meeting proper) and the Committee members.
- b. **Frequency.** The Committee shall meet as required but normally not less than once a term unless the Chair in consultation with the Clerk agrees that there is insufficient business; the Clerk will record such action.
- c. **Special Meetings.** The Clerk when instructed only by the Chair, or in his absence, by the Vice or acting Chair, shall call Special meetings of the Committee. At such meetings, the Agenda shall normally be limited to consideration of a single or related item. Standing items shall not be included in the Agenda.

7. **Chair, Membership and Quorum.**

- a. **Chair.** The Chair of the AC shall be appointed by the Corporation. If the Chair is absent from a Committee meeting then the meeting shall nominate a Chair for that meeting.
- b. **Membership.** The Committee shall comprise:
 - (i) up to 3 Corporation Members nominated by the Corporation and confirmed every year at the first meeting of the academic year.
 - (ii) up to 2 lay members, if possible, recommended and approved by the Corporation.

In attendance:

- (iii) the CFO and
- (iv) the Clerk to the Corporation.

By open invitation;

- (v) the Principal;
- (vi) representatives of the appointed Internal and External Auditors and nominated by the firms concerned;

The following shall be excluded from Membership:

- (vii) Corporation members with interests in the College;
- (viii) senior postholders; and
- (ix) the Chair of the Corporation.

- c. The Committee shall be quorate with 3 members (of whom one must be a Corporation member).
- d. **Note:** Other members of staff shall be invited to attend meetings as required, with the agreement of the Chair.

8. **Agendas for Meetings.** The Agenda shall be agreed between the CFO, the Chair of the Committee and the Clerk.