

PETROC

Audit Committee

1. Membership and Quorum

- I. The Committee shall comprise at least 5 Governors. One of these Governors shall be appointed by the Corporation to be the Chair of the Committee.
- II. There shall be a Chair and Vice-Chair of the Committee who will be elected, annually, by the Committee, normally in the autumn term.
- III. A Staff Governor, who does not have significant executive, management, financial or budgetary responsibilities, may sit on the Committee.
- IV. The Corporation Chair, College Principal and CEO and members of the Finance and General purposes Committee will not be permitted to serve on this Committee.
- V. Membership will include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively the committee should have External Governors with recent relevant experience in risk management, finance and audit assurance and in IT/cyber security.
- VI. The Quorum shall be 3 members
- VII. The Governance Advisor shall act as Clerk to the Committee and shall keep appropriate records of its proceedings.

2. Co-opted Member(s)

- I. The Corporation may co-opt onto the Committee up to two persons who are not members, but who have relevant financial/Resource expertise.
- II. Co-opted Members shall be entitled to attend, advise and speak at all meetings of the Committee, but will not count for quorum or be allowed to vote and is unable to chair the meeting.

3. In Attendance

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- I. The Principal and CEO, Vice Principal Finance, Resources and Regional Affairs and the Head of Finance, shall normally be in attendance at the Committee.
- II. The auditors, or other assurance providers, appointed by the Corporation shall be entitled to attend and speak at all meetings of the Committee, but not to vote, where business relevant to them is being discussed.
- III. Any member of staff may be invited to attend meetings of the Committee, particularly where items relating to their area of responsibility are under discussion, and shall be entitled to speak at such meetings, but not to vote.
- IV. The Committee may invite the Board’s advisers, or other third parties, to attend meetings of the Committee, as appropriate. They shall be entitled to speak, but not to vote, at such meetings.

4. Mode of Operation

- I. The Committee will normally meet at least once per term on a cycle consistent with the audit activities and requirements of the College.
- II. The auditors, or other assurance providers, may request a meeting of the Committee if they consider that one is necessary, and the Committee will endeavour to comply with such requests. In any event, the Committee must consider a minimum number of items of business each year for it to be able to function effectively, and those items of business are currently set out in the Audit Code of Practice.
- III. The Committee shall be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and, subject to the rules as to quoracy set out above, to exclude any, or all, participants and observers, except the Governance Advisor.
- IV. The Audit Committee is authorised by the Corporation to investigate any activity within its terms of reference. It is authorised to seek information it requires from any member of the Corporation, Committee or employee of the College, and all governors and employees of the College are directed to cooperate with any request made by the Committee. The Committee shall also have the right to consult the Internal Audit Service and Financial Statements Audit Service directly. The Committee shall operate with any requirements of the Skills Funding Agency (SFA).

5. Terms of Reference

- To consider and advise the Corporation on the adequacy and effectiveness of the College’s audit arrangements, framework for governance, risk management, KPIs and control and processes, for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets to enable the Board to agree the level of assurance to be given in its Statement of Corporate Governance and Internal Control in the Annual Report and Accounts.

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- In order to reinforce the Committee’s independence, adopt a risk-based approach to assessing systems, control and governance processes and to monitor the effectiveness of the College’s auditors, at least annually.
- To agree a Corporation Assurance Framework which complements the College’s existing risk management procedures, to enable the Committee to assess what controls are in place, how these controls are monitored and whether they are sufficient to support the Corporation’s and Accounting Officer’s roles and responsibilities in providing the assurances required to be given in the Statement of Corporate Governance and Internal Control in the Account Report and Accounts.
- 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;
- To advise the Corporation on the scope and objectives of the work of the financial statements and regularity auditors and other assurance providers;
- To ensure effective co-ordination between the financial statements and regularity auditors and other assurance providers;
- To establish, in conjunction with college management, relevant annual performance measures and indicators, and to monitor the effectiveness of the financial statements and regularity auditors, and other assurance providers, including internal auditors if appointed, through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
- To consider and advise the Corporation on the audit strategy, long term strategic and short-term (annual) audit plans for the internal audit service against the College’s agreed Strategic Plan;
- To consider and advise the Corporation on internal audit reports and annual reports and on control issues included in the financial statements auditor’s management letters, including their work on regularity audit, and on management responses to these;
- To consider and, if appropriate, investigate or commission investigations into any complaints relating to alleged fraud, bribery or other financial irregularity or malpractice at the College in accordance at all times with any relevant guidelines and policies, and ensure these are properly followed up;
- To produce an annual report for the Corporation, which will be a summary of the Committee’s activities during the year, any significant issues up to date of the 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 should include the committee’s view of its own effectiveness and how it has fulfilled its terms of reference. The report must include the Committee’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 solvency of the institution and the safeguarding of its assets, to enable the Corporation to agree the level of assurance to be given in its Statement of Corporate Governance and Internal Control in the Annual Report and Accounts;

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- To consider and advise the Board on any relevant reports issued by the National Audit Office and the Skills Funding Agency (SFA) and any other external body and, where appropriate, to advise on the management response to these;
- To monitor, within an agreed timescale, the implementation of agreed recommendations relating to audits undertaken, any audit annual reports and the financial statements auditor’s management letter;
- To inform the Corporation of any additional services undertaken by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded;
- To oversee the College’s policy on Whistleblowing and consider, and make the final decision on, a complaint from an individual that an issue s/he has raised through the Whistleblowing Policy is not being, or has not been, dealt with properly;
- To investigate any activity within its terms of reference, to seek information from the internal audit service, financial statements auditor, Corporation Members, committees and employees plus relevant information from sub-contractors and other third parties and to obtain external professional advice;
- To review annually the Committee’s membership, terms of reference, operation and effectiveness.

6. Minutes

- Draft Minutes of all meetings of the Committee shall be prepared by the Clerk in consultation with the Principal and Chair of the Committee and circulated as soon as practicable after the meeting to all members of the Committee and attending members of the Executive.
- Draft minutes will normally be considered, amended if necessary, and then approved, at the following meeting of the Committee
- Minutes or Draft Minutes of all meetings shall be circulated to all other Members of the Corporation, and more widely as the Corporation directs, with papers for Corporation Board meetings.
- Once minutes have been approved for publication they shall be published on the College Website and remain there for a period of 12 months.

7. Report of Meetings

- The Governance Advisor, in consultation with the Principal and CEO, the Chair and the Vice Principal Finance, Resources and Regional Affairs shall prepare a report of all meetings of the Committee, including any resolutions passed by the Committee, and this report will be presented by the Chair of the Committee to the next following meeting of the Corporation Board.

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