

PETROC

Audit Committee Terms of Reference

1. Membership and Quorum

- I. The Committee shall comprise a minimum of 3 and a maximum of 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. No student or staff governor shall be eligible to serve on this committee.
- VI. 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.
- VII. The Quorum shall be 40% of members.
- VIII. The Governance Advisor shall function as Clerk to the Committee and shall keep appropriate records of its proceedings.

2. In Attendance

- I. The Principal and CEO, Vice Principal Finance, Resources and Regional Affairs and the Head of Finance shall normally attend 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.

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- 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.

3. 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-optees shall be entitled to attend, advise, and speak at all meetings of the Committee, but are unable to chair the meeting.

4. In Attendance

- V. The Principal and CEO, Vice Principal Finance, Resources and Regional Affairs and the Head of Finance, shall normally attend the Committee.
- VI. 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.
- VII. 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.
- VIII. 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.

5. 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 Committee shall be entitled to meet privately with auditors and separately with the Vice-Principal Finance and Resources at least once a year or can request private sessions at all committee meetings.
- V. 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

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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).

6. Duties

- Assessing and providing the Board with an opinion on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.
- Advising the Board on the appointment, re-appointment, dismissal, and remuneration of the external auditor, reporting accountant, internal audit and other assurance providers and establishing that all such assurance providers adhere to relevant professional standards.
- Considering and advising the Board on the scope and objectives of the work of the internal and external auditors, including the audit strategy and annual internal audit plans.
- Ensuring effective co-ordination between the internal and external auditors, reporting accountant and any other assurance providers.
- Reviewing and considering reports submitted by the external auditor, reporting accountant, internal audit, and other assurance providers, and monitoring the implementation of recommendations to agreed timescales.
- Monitoring, within an agreed timescale, the implementation of agreed recommendations arising from any reports of audit and assurance providers.
- Considering and advising the Board on relevant reports by the National Audit Office, the Education and Skills Funding Agency and other funding bodies and, where appropriate, the Executives response to these.
- Establishing, in conjunction with College Executives, relevant Key Performance measures and indicators to monitor the effectiveness of the internal and external audit services and deciding, based on this review, whether a competition for price and quality of the audit service is appropriate.
- Responsibility for producing an annual report for the Board summarising 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, which is submitted to the Board before the statement of corporate governance and internal control in the annual accounts is signed.
 - the Committee's view on its own effectiveness and how it has fulfilled its terms of reference.
 - the Committee's opinion on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management, and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets,
 - any significant matters of internal control included in the reports of audit and assurance providers to the College.
- Overseeing the College's policies and processes around fraud, irregularity, impropriety, and whistleblowing
- Ensuring proper, proportionate, and independent investigation of all allegations of fraud and irregularity and that investigation outcomes are reported to the Committee.
- Ensuring that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major

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weakness, or breakdown in the accounting or other control framework are reported to the ESFA as soon as possible.

- Ensuring that risks around fraud have been identified and controls put in place to mitigate them.
- Ensuring that the external auditor (and internal auditor if applicable) is informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned.
- Advising the Board on the provision of any additional services by the external auditor, reporting accountant, internal audit, and other assurance providers, and ~~to~~ explaining how independence and objectivity have been safeguarded.

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- To review annually the Committee’s membership, terms of reference, operation, and effectiveness.

7. Authority

The Committee is authorised by the Board to: -

- investigate any activity within its terms of reference.
- access all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
- obtain external professional advice in accordance with the financial regulations and the budget approved by the Board.

The Board must not add to these terms of reference responsibilities that require the Audit Committee to adopt an executive role, or its members to offer professional advice to the Board.

8. Minutes

- I. Draft Minutes of all meetings of the Committee shall be prepared by the Governance Advisor in consultation with the Principal and CEO and Chair of the Committee and circulated as soon as practicable after the meeting to all members of the Committee.

- II. Draft minutes will normally be considered, amended if necessary, and then approved, at the following meeting of the Committee.

9. Report of Meetings

- I. The Chair of the Committee in consultation with the Governance Advisor, shall prepare an update of the committee meeting, including any resolutions and recommendations passed by the Committee, and this report will be presented by the Chair of the Committee to the next meeting of the Full Board.

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