

**THE BOARD OF THE CORPORATION
COLLEGE OF HARINGEY, ENFIELD, AND NORTH EAST LONDON**

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

A. Terms of Reference

1. To consider and advise on the adequacy and effectiveness of the Corporation's, and its subsidiaries, whole system of internal control, including controls of securing economy, efficiency and effectiveness (value for money) and to reinforce their independence, to adopt a risk based approach to assessing systems and controls and to monitor the effectiveness of the College's auditors, at least annually
2. To monitor and review the effectiveness of the College's internal audit functions in the context of the College's overall risk management system
3. To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditor, and the internal audit service (IAS), and the scope and objectives of their work and their other terms of engagement
4. To meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chair of the board and to the Committee
5. To review and seek changes where necessary to the proposed financial reporting
6. To review the clarity of disclosure in the College's financial reports and the context in which statements are made; and all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management)
7. To meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit review and approve the statements to be included in the annual report concerning internal controls and risk management
8. To consider and advise the Corporation on the audit strategy and annual internal audit plans for the IAS
9. To ensure effective co-ordination between the IAS, and the financial statements and regularity auditors, (*including whether the work of the funding auditor should be relied on for internal audit purposes in the event that the College be subjected to such audit*)

10. To consider and advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the financial statements auditor's, (*including their work on the regularity audit*) and funding auditor's management letters, and on management's response to these
11. To consider and, if appropriate, investigate or commission investigations into any complaints relating to alleged fraud or other financial irregularity or malpractice at the College in accordance at all times with any relevant guidelines and policies
12. To produce an annual report for the Corporation, and accounting officer, which should include the Committee's advice on the effectiveness of the College's risk management, control and governance processes, and any significant matters arising from the work of the IAS, the funding auditors and the financial statement and regularity auditors
13. To consider and advise on any relevant reports or recommendations by the Skills Funding Agency (SFA), Young People's Learning Agency (YPLA) or other external body and, where appropriate, management's response to these
14. To monitor within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial and regularity auditors, and funding auditor's management letters
15. Establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and financial statements and regularity auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate
16. To investigate any activity within its terms of reference, to seek information from the internal audit service, funding auditor, financial and regularity auditor, governors, Committees and employees plus relevant information from sub-contractors and other third parties and to obtain external professional advice
17. The responsibilities of the Committee shall not extend to an executive role and shall not require the members of the Committee to offer the Corporation professional advice
18. To be informed of all additional services undertaken by the IAS, and financial statements auditors, and to refer to the Corporation for approval, any additional work by auditors where the additional value exceeds £20,000 in any 12 month period
19. To report to the Corporation after each meeting
20. Minutes of meetings of the Committee shall be presented to the Corporation for information

B. Membership

- 21.
- i) Five members at least one of whom will have relevant audit expertise
 - ii) The membership of the Committee may include up to two members who are not governors of the College should this be required in order to provide specialist audit expertise
 - iii) The Principal, Senior Post-holders and staff members may not be members of the Committee
 - iv) The Chair of the Corporation, Senior Post Holders of the College, and the College's professional advisors, are excluded from membership of the Audit Committee
 - v) The Chair of the Committee will be appointed by the Board in accordance with Corporation procedures. (Non Governor Co-opted Members of the Committee may not be appointed as Chair except in exceptional circumstances as out lined in 21.vi)
 - vi) In the event of the Chair and Vice Chair of the Committee being unable to attend, the remaining Governors should elect one of their members as Chair for the meeting

C. Quorum

22. The Quorum for meetings shall be 2 members

D. In Attendance

- 23.
- The Secretary to the Board of the Corporation (or an appointed Deputy) shall act as Clerk to the Committee
 - Such members of the College management and staff as the Chair shall from time to time require.
 - Internal Audit Service
 - Financial Statements and Regularity Auditors
24. The Committee is entitled, wherever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules of quoracy at paragraph 22 above) to exclude any, or all, participants and observers, except the Secretary to the Corporation