

LEEDS CITY COLLEGE GROUP
AUDIT COMMITTEE

TERMS OF REFERENCE
2017/18

1. Purpose

- 1.1 The Audit Committee is a committee of the Corporation established under the terms of clause 6 of the Articles of Government.
- 1.2 The purpose of the committee is to advise the Corporation on its systems of internal control, risk management and (corporate) governance arrangements¹.

2. Membership

- 2.1 The committee shall consist of five members made up of three Board members and two external co-opted members. In accordance with the Articles of Government, staff members with the exception of those in senior posts may serve on the Audit Committee. The CEO/Principal and the Chair of the Board are ineligible for membership of the Audit Committee².
- 2.2 Terms of office of members of the committee shall last until the expiry of their term of office as a Board member unless s/he has been appointed for a further term of office.
- 2.3 Co-opted members of the committee will be appointed by the Board and will hold office for a period of one year, following which they will be eligible for reappointment.
- 2.4 The Board will review the membership of the committee from time to time and may make changes as it sees fit.
- 2.5 A representative from the appointed internal audit service will be expected to attend all meetings of the committee and a representative from the appointed financial statements and regularity auditors will be expected to attend as appropriate.

3. Election of Chair and Vice-Chair

- 3.1 At the first meeting of the committee in each academic year, members shall appoint a Chair and Vice-Chair³.

4. Frequency of Meetings and Quorum

- 4.1 The Audit Committee shall meet at least once a term. Additional meetings may be called as necessary in agreement with the Chair.
- 4.2 The quorum for meetings of the committee shall be three members, with a majority being Board members.

5. Responsibilities of the Committee⁴

- 5.1 To assess and provide the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance 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 assets;

- 5.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and the Internal Audit Service (IAS) and establish that all such assurance providers adhere to relevant professional standards⁵;
- 5.3 To advise the Corporation on the scope and objectives of the work of the IAS and the financial statements and regularity auditors;
- 5.4 To ensure effective coordination between the IAS and the financial statements and regularity auditors;
- 5.5 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the IAS;
- 5.6 To advise the Corporation on internal audit assignments reports and annual reports and on control issues included in the management letters of the financial statements and regularity auditors, and management's responses to these;
- 5.7 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements and regularity auditor's management letter and reports, and of any reports submitted by other providers of audit and assurance services;
- 5.8 To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the ESFA and other funding bodies, and where appropriate management's response to these;
- 5.9 To establish, in conjunction with management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS and financial statements and regularity auditors through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
- 5.10 To produce an annual report for the Corporation and accounting officer, as detailed within the Post-16 Audit Code of Practice (2017). In particular the report should include the committee's opinion on the adequacy and effectiveness of the Corporation's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness, and any significant matters arising from the work of the IAS, the financial statements and regularity auditors and any other providers of audit and assurance services;
- 5.11 To oversee the Corporation's policies on fraud and irregularity and whistleblowing and to ensure that all allegations of fraud and irregularity are properly followed up in accordance with the Post-16 Audit Code of Practice 2017;
- 5.12 To inform the Corporation of all additional services undertaken by the appointed audit and assurance providers and explain how independence and objectivity were safeguarded;
- 5.13 To recommend the annual financial statements to the Corporation for approval, including the statement of corporate governance and internal control;
- 5.14 The Audit Committee has the authority to investigate any activity within its terms of reference and the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

6. Clerking Arrangements

6.1 The Clerk to the Board shall act as Clerk to the Audit Committee.

7. Reporting to the Board

7.1 The minutes of each meeting of the Audit Committee shall be presented to the next ordinary meeting of the Board.

7.2 Any recommendations made by the committee will appear as separate items on the agenda for the next ordinary meeting of the Board.

8. Review and Approval

8.1 The terms of reference of the Audit Committee will be reviewed on an annual basis and recommendations made to the Board as appropriate.

9. Other Matters

9.1 The committee shall:

- Ensure that new and existing members receive appropriate training in all aspects of the committee's responsibilities
- Conduct an annual review of the committee's effectiveness against its Terms of Reference
- Maintain and operate to an annual reporting cycle which covers all key matters as per the committee's Terms of Reference

¹ *In addition to Leeds City College and Keighley College, the committee's remit encompasses Leeds College of Music, Leeds Apprenticeship Training Agency and White Rose Resourcing as wholly owned subsidiaries of the Leeds City College Corporation.*

² *In accordance with the Post-16 Audit Code of Practice (2017), the committee is required to maintain its independence in appointing members and must ensure that its membership includes 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.*

³ *The Audit Code of Practice (2004) recommended that a co-opted external member of the Audit Committee should not normally be appointed as its Chair since the Chair has to be able to attend, as of right, all meetings of the Corporation.*

⁴ *These reflect the minimum terms of reference detailed in the Post-16 Audit Code of Practice 2017. In accordance with the Code of Practice, the Corporation may add to these terms of reference but must not add terms that require the Audit Committee to adopt an executive role.*

⁵ *In accordance with section 45 of the Joint Audit Code of Practice Part 2 (2013), as from 1 August 2013 it is not mandatory for any college corporation to have to appoint an internal audit service. It is for each college corporation, on the advice of its Audit Committee, to determine for itself how best to fulfil its obligations to secure the proper, economic, efficient and effective use of resources and to safeguard the Corporation's assets.*