



CORPORATION OF DONCASTER COLLEGE

AUDIT COMMITTEE TERMS OF REFERENCE

1. The Audit Committee is a committee of the Corporation established under the terms of clause 6 of the Articles of Government (2008).
2. The role of the Committee 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 processes, and securing economy, efficiency and effectiveness (value for money). Minimum content for terms of reference is set out in Supplement B to the Audit Code of Practice dated January 2003.

In discharging its role the Committee is also to be mindful of ensuring that that the information received by it and all decisions taken are centred on improving the experience of students at the College and levels of achievement.

3. The Committee shall comprise at least 5 members appointed by the Corporation. The Chair of the Corporation, the Principal, members of the Finance Committee, and the College's professional advisers are excluded from membership.
4. Membership of the Committee must include at least one person (whether a member of the Corporation or not) with relevant financial or audit experience. Accordingly, membership may include persons who are not governors who have been recommended by the Search Committee and approved by the Corporation (to be known as co-opted external members).
5. The Chair and Vice-Chair of the Committee will be elected by the members of the committee in the circumstance of the appointment of Chair not being made by the Corporation.
6. The quorum shall be three members of the Committee, two of whom must be governors.
7. In the event of the Chair or Vice-Chair of the Committee being unable to attend, the remaining governors, under paragraph 3 above, should elect one of their members as chair for the meeting.
8. The Clerk to the Corporation or his/her appointed deputy shall be the clerk to the Committee.
9. Minutes of meetings of the Committee shall be presented to the Corporation for information or approval as appropriate.
10. The functions of the Committee shall be to: -

- i) 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 processes, and securing economy, efficiency and effectiveness (value for money) – restated from paragraph 2. above;
- ii) advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service (IAS);
- iii) advise the Corporation on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor (where appointed);
- iv) ensure effective coordination between the IAS, the financial statements auditor and the funding auditor (where appointed) including whether the work of the funding auditor should be relied upon for internal audit purposes;
- v) consider and advise the Corporation on the audit strategy and annual internal audit plans for the IAS;
- vi) 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 audit) and the funding auditor (where appointed), and management's responses to these;
- vii) monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements auditor's management letter and the funding auditor's management letter and spot-check reports (where appointed);
- viii) consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Learning and Skills Council (LSC) or their successors and other funding bodies, and where appropriate management's response to these;
- ix) establish, in conjunction with College management, relevant annual performance measures and indicators, and monitor the effectiveness of the IAS and financial statements 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;
- x) 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 (where appointed) and the financial statements auditor;
- xi) ensure that all allegations of fraud and irregularity are properly followed up;

- xii) be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors (where appointed);
 - xiii) ensure all of the above are conducted in accordance with the minimum schedule of business attached at Annex 1; and
 - xiv) monitor the strategic risk areas remitted by the Corporation to the Committee and advise the Corporation as appropriate.
11. 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 6 above) to exclude any, or all, participants and observers, except the Clerk to the Corporation.
12. The Committee shall undertake an annual review of these terms of reference and recommend any changes needed to the Corporation for approval.

Revision History: -

Approved by the Corporation: 26 September 2007

Reviewed by the Clerk and clause reference to Articles of Government updated in line with changes to the Instrument and Articles of Government issued by the DIUS effective from 1 January 2008: 8 January 2008

Minimum cycle of audit committee business. Extract copy from Supplement A to the Audit Code of Practice, LSC Circular 04/07 dated December 2004

Current year item of business	Indicative timings (✓)						To recommend to the corporation for approval
	Previous year	Current year			Following year		
	Summer ✓ or autumn term	Autumn ✓ or summer term	Spring	Summer	Autumn	Spring	
1 Appointment and reappointment or dismissal (where applicable) and remuneration of internal auditors.	✓ or autumn term	✓ or summer term					Yes
2 Internal audit needs assessment, strategic plan and annual plan.		✓					Yes
3 Risk management annual report from college management.				✓ or autumn term	✓ or summer term		?? Yes ??
4 Appointment and reappointment or dismissal (where applicable) and remuneration of financial statements auditors.		✓ or spring term	✓ or autumn term				Yes
5 Interim regularity audit opinion.				✓			
6 Review of performance of the internal audit service and establishment of annual performance indicators for following year.				✓ or autumn term	✓ or summer term		No
7 Funding auditor interim opinion and management letter (where applicable).*					✓●		Yes*
8 Internal audit service annual report.*					✓●		Yes*
9 Financial statements audit management letter.*					✓●		Yes*
10 Annual report of the audit committee.*					✓		Yes*
11 Recommendation of approval to the corporation of annual financial statements (may be the role of the finance committee or equivalent) including regularity audit opinion.					✓		Yes
12 Funding auditor final opinion and management letter (where applicable).						✓	Yes
13 Review of performance of the financial statements auditors and establishment of annual performance indicators for the following year.					✓ or spring term	✓ or autumn term	No
14 Internal audit reports on reviews and progress update.	Depends on timing of reports						No
	✓	✓	✓				
15 Consideration of funding auditor franchise and partnership spot-check reports (where applicable).	Depends on timing of visits						No
	✓	✓	✓				
16 Consideration of audit reports on work-based learning, Train to Gain, etc (where applicable).	Depends on timing of visits						No
	✓	✓	✓				

* Corporations must have all of these reports (items 7, 8, 9 and 10) available before approving the financial statements and the statements included therein on corporate governance, responsibilities of members of the corporation and the system of internal control. The corporation must approve the annual financial statements to meet LSC deadlines.