

CENTRAL SUSSEX COLLEGE CORPORATION

Terms of Reference for the Audit Committee

(Revised by the Corporation at its meeting on 11.12.06, 17.12.07, 20.10.08 and 18.10.10)

1 Membership

- 1.1 The Committee shall comprise a minimum of three members but shall not include:
- the Principal
 - members of the College's staff with executive responsibilities at senior level
 - the Chair of Corporation
 - members of the Resources Committee
- 1.2 The Corporation or on its behalf, the Governance & Search Committee in consultation with the Chair of Audit Committee, shall have power to co-opt up to three external members. At least one member of the Committee, whether or not a Corporation Member, must have finance/audit expertise.
- 1.3 A quorum shall be two members including the Chair of the Committee, who shall be a member of the Corporation.
- 1.4 The Clerk to the Corporation shall be Clerk to the Committee and in his absence the Deputy Clerk.
- 1.5 Meetings shall be held at least three times a year. The internal auditor or financial statements auditor may request a meeting if they consider that one is necessary and the committee will make all endeavours to comply with such requests.
- 1.6 Other Members of the Corporation may attend meetings of the Audit Committee with the prior consent of its Chair.

2 Terms of Reference

- 2.1 To ensure the financial control and integrity of the Corporation, including the monitoring of financial waivers to the Financial Regulations.
- 2.2 To oversee the audit of the management processes, with special reference to those with financial implications.
- 2.3 To act as the interface with the internal and external auditors.
- 2.4 In pursuance of the above, the LSC minimum terms of reference for a Further Education College Audit Committee are adopted in their entirety for clarification as follows (reference to the Funding Auditor is retained, although currently no funding auditor is appointed):
- (a) 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);
 - (b) to advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service (IAS);
 - (c) to advise the Corporation on the scope and objectives of the work of the internal auditors, the financial statements auditor and the funding auditor (where appointed);

- (d) to ensure effective co-ordination between the internal auditors, the funding auditor (where appointed) and the financial statements auditor, including whether the work of the funding auditor should be relied upon for internal audit purposes;
 - (e) to consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal audit service;
 - (f) to 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) and the funding auditor (where appointed), and management's responses to these;
 - (g) to monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and spot-check reports (where appropriate) and the financial statement auditor's management letter;
 - (h) to consider, and advise the Corporation on relevant reports by the National Audit Office (NAO), the successor bodies to the Learning and Skills Council (LSC) and other funding bodies, and, where appropriate, management's response to these;
 - (i) to establish, in conjunction with college management, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal audit service and financial statements auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate;
 - (j) 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. The report should include any significant matters arising from the work of the internal auditors, the funding auditors (where appointed) and the financial statements auditors;
 - (k) to ensure that all allegations of fraud and irregularity are properly followed up;
 - (l) to be informed of all additional services undertaken by the internal auditors, the financial statements auditors and the funding auditor (where appointed);
 - (m) to recommend the annual financial statements to the Corporation for approval.
- 2.5 To receive reports from the Risk Assurance Group and monitor and review its effectiveness.
- 2.6 To review the Complaints Procedure as required and monitor on a regular basis any complaints received.
- 2.7 To review, annually, the Financial Regulations.
- 2.8 To review annually, as part of the College's annual accounts, the accounts of the Students' Association/Students' Union.
- 2.9 To review Senior Postholder expenses on a regular basis.
- 2.10 Subject to the provision included in Paragraph 4.1, to consider and advise the Corporation on any other matters that the Corporation may delegate (or its

Committees may refer) on any other matters not falling within the remit of the Committees established by the Corporation.

- 2.11 To review its Terms of Reference annually.

3 Investigation and Information Gathering

- 3.1 In order to exercise its role the Committee shall have the power to:
- (a) investigate any activity within its terms of reference;
 - (b) seek any information it requires from the internal audit service, the funding statements auditor, Corporation members, committees and college employees, plus relevant information from subcontractors and other third parties. Corporation members and employees of the College are directed to co-operate with any request made by the Committee;
 - (c) obtain external legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise it considers necessary.
- 3.2 The Committee shall operate in accordance with any requirements of the Learning and Skills Council.

4 Advice

- 4.1 The Corporation will not add to these terms of reference responsibilities that require the Committee to adopt an executive role, or its members to offer professional advice to the Corporation. Advice will be given only in Committee members' capacity as Corporation Members, and only within their terms of reference. Rather than adopt an executive role, the Committee will seek formal professional opinions from the internal audit service, external auditor or other professional advisers to the Corporation.

5 Reporting Procedures

- 5.1 The Clerk to the Committee shall circulate minutes of the meetings of the Committee to its members and to all Corporation Members.
- 5.2 The Committee shall provide a report of each meeting of the Audit Committee to the following Corporation meeting.