



**Terms of Reference for the Audit Committee  
of  
The Corporation Board of Accrington and Rossendale College**

**1 Frequency**

- 1.1 The Committee will meet at least once in every term prior to the Corporation Board Meeting.

**2 Membership and Quorum**

- 2.1 The Committee members shall be appointed by the Corporation and consist of **5 Independent Members**.
- 2.2 The Chair of the Corporation Board may not be a member of the committee
- 2.3 Members of the Resources Committee may not serve on the Audit Committee
- 2.2 Members will serve on the committee for the period of office as a Member of the Corporation Board
- 2.3 The Chair of the of the Committee, who will be an Independent Member, will be appointed by the Corporation Board and will serve as its Chair for the period of office as member of the Corporation Board
- 2.5 The quorum for the meeting will be **three** members
- 2.6 Representatives of both the Financial Statements Auditor and the Internal Audit Service will be invited to the meetings as required
- 2.7 The Clerk to the Corporation will act as Clerk to the Committee.

**3 Responsibilities**

- 3.1 The Committee will advise the Corporation Board on:
- 3.1.1 the adequacy and effectiveness of the college's systems of internal control;
- 3.1.2 control and governance processes;
- 3.1.3 securing economy, efficiency and effectiveness (value for money);
- 3.1.4 the scope and objectives and results of the work of the internal audit service, the financial statements auditor and the funding auditor; and
- 3.1.5 the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service.
- 3.2 With regard to Risk Assessment and Management, the Committee will:
- 3.2.1 Discuss and recommend for approval by the Governing Body a Risk Assessment and Management Policy for the college
- 3.2.2 Ensure appropriate procedures are in place for reviewing the effectiveness of Risk Assessment and Management
- 3.3 To ensure effective co-ordination between the internal audit service, the funding auditor and the financial statements auditor, including whether the work of the funding auditor should be relied upon for internal audit purposes.
- 3.4 To consider and advise the governing body on the audit strategy and annual internal audit plans for the internal audit service.

- 3.5 To advise the governing body on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements auditor, and management's response to these.
- 3.6 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 and the financial statements auditor's management letter.
- 3.7 To consider and advise the governing body on relevant reports by the NAO (National Audit Office), appropriate funding agencies, and where appropriate, management's response to these.
- 3.8 To establish, in conjunction with college management, relevant performance measures and indicators and to monitor the effectiveness of the internal audit service and financial statements auditor through these measures and indicators and decided, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 3.9 To be informed of all additional services undertaken by the internal audit service, the financial statements auditors and the funding auditors
- 3.10 To produce an annual report for the governing body 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 internal audit service, the funding auditors and the financial statements auditor.
- 3.11 To review the college's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee will ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. The committee will also review the college's procedures for detecting corruption and fraud.

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