Plumpton College

Audit Committee

Terms of Reference
(Revised by the Corporation 25 March 2003; 23 March 2004; 4 October 2005; 18 July 2006; 26 September 2006; 25 September 2007; I April 2008, 24 March 2009, 14 July 2009)

1 Constitution

The Corporation hereby resolves to adopt the following terms of reference for the Audit Committee.

2 Objective

2.1 The Committee shall ensure that the internal control systems, including audit activities, of the Corporation and any of its subsidiaries is monitored actively, independently and objectively in order to:-

- Improve the effectiveness of the College's internal controls, including risk management;
- Reinforce the independence and effectiveness of the internal audit function;
- Provide a sounding board for College management on issues of concern in connection with the College's internal control systems;
- Underpin the objectivity and independence of the external auditors
- Increase public confidence in the objectivity and fairness of the Corporation's financial reports and in the quality of the College's corporate governance.

2.2 To provide a medium of communication from the Corporation's auditors, which is not controlled by management.

3 Membership

3.1 The Committee shall be appointed by the Corporation and consist of:-

- Four Corporation Members (excluding members of the Corporation's Finance and General Purposes Committee, the Chairman of the Corporation, the Principal and any Co-opted Members who are members of the College's senior management); and
- One co-opted external member.

3.2 A quorum shall be three members, two of whom shall be Governors.

3.3 The Chairman and Vice-Chairman of the Committee shall be appointed by the Corporation. The Chairman shall be a Governor.

4 Attendance at Meetings

4.1 The Principal or some other senior manager who is responsible for the College's internal control and a representative of the internal auditors shall normally attend meetings at the invitation of the Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary.

4.2 Other Corporation Members shall have right of attendance, save that the Committee may, when they are satisfied that it is appropriate, meet with representatives of the internal and/or external auditors without the Principal or staff members being in attendance.

4.3 The Clerk to the Corporation shall be Clerk to the Committee.

5 Frequency of Meetings

5.1 Meetings shall be held not less than three times a year. The internal or external auditors may request a meeting if they consider that one is necessary.

6 Authority

6.1 The Committee is authorised by the Corporation to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any Corporation Member, Committee of the Corporation, or employee of the College and all Corporation Members and employees of the College are directed to co-operate with any request made by the Committee.

6.2 The Committee is authorised by the Corporation to obtain outside legal or other independent professional advice and secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary, provided that the Committee may not incur direct expenditure in this respect in excess of £5,000 without the prior approval of the Corporation.

7 Duties

The duties of the Committee shall be:-

7.1 Internal Audit

- To advise the Corporation on the appointment, remuneration, re-appointment or dismissal of the internal auditors (and head of internal audit, if applicable), the scope and objectives of their work and their other terms of engagement;

- To advise the Corporation on the adequacy and effectiveness of the College's internal control systems and its arrangements for risk management, securing economy, efficiency and effectiveness (value for money);

- To consider and advise the Corporation on internal audit assignment reports and annual reports and management's responses to these;

- To monitor, within an agreed timescale, the implementation of approved recommendations relating to the internal audit assignment reports and annual internal audit reports;

- To monitor the effectiveness of the internal audit service and take up with them any dissatisfaction with the service provided;

- To consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal audit service;

- To discuss problems and reservations arising from the internal audit reports and any matters which the internal auditors may wish to discuss (in the absence of management where necessary);

- To seek to ensure that the internal audit service is adequately resourced and has appropriate standing within the Corporation.

7.2 Financial statements audit

- To advise the Corporation on the appointment, remuneration, re-appointment or dismissal of the financial statements auditors, the scope and objectives of their work and their other terms of engagement;

- To consider and advise the Corporation on control issues included in the management letters of the financial statements auditor and management's responses to these;

- To monitor, within an agreed timescale, the implementation of approved recommendations relating to the financial statements auditor's management letters and spot-check reports;

- To monitor the effectiveness of the financial statements audit service and take up with them any dissatisfaction with the service provided;

- To discuss with the financial statements auditors before the audit commences the nature and scope of the audit;

7.3 General

- To ensure co-ordination between the internal auditors and the financial statements auditors;

- To consider and advise the Corporation on relevant reports from the National Audit Office, the LSC and other funding bodies, and where appropriate management's response to these;

- To provide advice on such specific audit related issues as the Corporation may request from time to time;

- To ensure that all allegations of fraud and irregularity are properly followed up;

- To establish, in conjunction with College management, relevant annual audit performance measures and indicators and other longer term performance measures, and to monitor the effectiveness of the internal audit service 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;

- To be informed of all additional services undertaken by the internal audit service and the financial statements auditors;

- To take into account the conclusions of various inspections and reviews of the College's systems, both financial and non-financial, in framing the internal audit plans and in reviewing the risk management system;

- To recommend the annual financial statements and report to the Corporation for approval.

- To consider other topics, as determined from time to time by the Corporation.

7.4 Risk management

- To report to the Corporation on internal controls and alert the Corporation to any emerging risk management issues;

- To provide advice to the Corporation on the effectiveness and efficiency of the College's system for the management of risk as part of its annual report;

- To review the overall risk management policy and action plan at least once a year;

- To receive the annual risk management report from the Deputy Principal (Resources).

8 Reporting Procedures

8.1 The Clerk to the committee shall circulate minutes of the meetings of the Committee to all Corporation Members.

8.2 The Committee shall provide an annual report of its work for the Corporation and accounting officer which should include the Committee's advice on the effectiveness of the College's risk management, key issues considered by the Committee during the year including any significant matters arising from the work of the internal audit service and the financial statements auditors.