

CITY OF WOLVERHAMPTON COLLEGE

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Membership

- 1.1 The Committee shall be appointed by the Board of Governors and shall have up to 6 members including, where appropriate, an external co-opted member. The Chair of the Board of Governors, the Principal, and members of the Estates and Finance Committee must not be members of the Audit Committee.
- 1.2 If an external co-opted member is to be appointed to the Audit Committee, it should be noted that it would be inappropriate to consider an employee of either the College's Internal Audit Service, Financial Statements Auditors, Bankers, Insurance Brokers, Architects, Surveyors or Solicitors.
- 1.3 The Committee may invite the Corporation's officers, advisers or other third parties to attend meetings of the Committee as appropriate, but such persons shall not have a vote but shall be entitled to speak at the meeting at the invitation of the Committee Chair.
- 1.4 The Chair, Vice-Chair and membership of the Committee shall be appointed annually by the Board of Governors.
- 1.5 The quorum for the Committee shall be three.
- 1.6 The Clerk to the Board of Governors shall normally act as Clerk to the Committee.
- 1.7 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have the casting vote.

2 Terms of Reference

- 2.1 Article 6 of the Instrument and Articles of Government provides that the Audit Committee is a mandatory Committee.

Article 6 (1) – “The Corporation shall establish a committee, to be known as the Audit Committee, to advise on matters relating to the Corporation’s audit arrangement and systems of internal control.”

Article 6 (2) - “The committee shall consist of at least three persons and may include members of staff at the institution with the exception of those in senior posts, and shall operate in accordance with any requirements of the LSC.”

- 2.2 To advise the Board of Governors 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).

- 2.3 To advise the Board of Governors on the appointment, reappointment, dismissal and remuneration of the Financial Statements Auditor and the Internal Audit Service (IAS).
- 2.4 To advise the Board of Governors on the scope and objectives of the work of the Internal Audit Service and the Financial Statements Auditor.
- 2.5 To ensure effective co-ordination between the Internal Audit Service and the Financial Statements Auditor.
- 2.6 To consider and advise the Board of Governors on the audit strategy and annual internal audit plans for the Internal Audit Service.
- 2.7 To advise the Board of Governors 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 management's response to these;
- 2.8 To consider and advise the Board of Governors on relevant reports by the National Audit Office, the LSC and other funding bodies, and where appropriate management's response to these;
- 2.9 To monitor, within an agreed time-scale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the Financial Statements Auditor's management letter.
- 2.10 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.
- 2.11 To produce an annual report for the Board of Governors 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 and the Financial Statements Auditor.
- 2.12 To ensure that all allegations of fraud and irregularity are properly followed up.
- 2.13 To be informed of all additional services undertaken by the Internal Audit Service and the Financial Statements Auditors.
- 2.14 To recommend the annual financial statements to the governing body for approval.

3 Audit Committee Powers

In order to exercise its role the Audit Committee shall have the power to

- 3.1 investigate any activity within its terms of reference;

3.2 seek any information it requires from the Internal Audit Service, the Financial Statements Auditors, governors, committees and college employees, plus relevant information from subcontractors and other third parties;

3.3 obtain external professional advice.

4 Frequency of Meetings

Meetings shall be held not less than once a term.

5 Reporting Procedures

Minutes of all meetings shall be included in the papers for the next appropriate Board of Governors meeting and shall be reported upon at that Board meeting.

6 Conduct of Meetings

Each Committee is acting on behalf of the Board of Governors and as such will be administered in accordance with the Rules of Clerkship and the Standing Orders that apply to the Board of Governors and its Committees.

These terms of reference were approved by the Board of Governors at its meeting held on *19 May 2008*. These terms of reference may only be amended by a Resolution of the Board.