



Audit Committee Terms of Reference

Approved by Board on	18 September 2025
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1 Introduction

It is a condition of funding and of the College Financial Handbook that college corporations establish an Audit Committee.

Article 6 of City of Wolverhampton College's 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 advice 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 shall operate in accordance with any requirements of the Secretary of State.”

The Board of Governors has established an Audit Committee to advise the Board on the adequacy and effectiveness of the Board's assurance framework.

In addition, the Audit Committee advises and supports the Board of Governors in explaining in its annual report and accounts the measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities.

2 Membership

- 2.1 The Committee shall be appointed by the Board of Governors and shall have at least three members (a majority of which must be Governors) including, where appropriate, an external co-opted member.
- 2.2 The Audit Committee will include individuals with an appropriate mix of skills and experience, to allow it to discharge its duties effectively. Collectively members of the Committee should have recent, relevant experience in risk management, finance and assurance. The abilities of the membership of the audit committee should reflect the needs of the Corporation and should extend to expertise in all relevant financial and non-financial areas.
- 2.3 In order to ensure the Audit Committee's independence, the Chair of the Board of Governors and the Principal must not be members and staff governors should not be members.
- 2.4 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 the College's internal auditors, financial statements auditors, Bankers, Insurance Brokers, Architects, Surveyors or Solicitors.
- 2.5 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.
- 2.6 The membership of the Committee shall be appointed annually by the Board of Governors and in appointing members the Board of Governors will maintain the Committee's independence and objectivity.

- 2.7 The quorum for the Committee shall be three.
- 2.8 The Head of Governance shall normally act as Clerk to the Committee.
- 2.9 All members of the Committee will have equal voting rights. In the event of a tie, the Chair will have the casting vote.

3 Attendance at meetings

- 3.1 Any member of the Board may attend meetings of any committee. Members of the Finance and Resources Committee shall not be members of the Audit Committee.
- 3.2 The committee may invite attendance at meetings from persons who are not Governors to assist or advise on a particular matter or range of issues, this may include Associate Members and members of college staff.

4 Frequency of meetings

- 4.1 The committee will meet as often as is necessary to fulfil its responsibilities but at least once every term.
- 4.2 The Board will be notified of meetings in advance and will receive a copy of minutes.

5 Voting at committee meetings

- 5.1 Only members of the committee may vote at committee meetings.

6 Appointment of Chair

- 6.1 The Chair of the committee will be appointed on an annual basis by the Board.
- 6.2 The committee will elect a temporary replacement from among the members present at the meeting in the absence of the Chair.

7 Terms of Reference

- 7.1 To assess and provide the Board of Governors with an opinion on the adequacy and effectiveness of the Board's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets. The Committee will take a holistic view with all aspects and systems, financial and non-financial being in scope depending on their impact and effect on the Corporation.
- 7.2 To advise the Board of Governors on the appointment, reappointment, dismissal and remuneration of the external auditor, the reporting accountant, internal audit and other assurance providers and to establish that all such assurance providers adhere to relevant professional standards.
- 7.3 To approve the policy for the regular retendering of the External Audit service and ensure that the external audit contract is put out to tender at least every 5 years.

- 7.4 To inform the Board of Governors of any additional services provided by the external auditor, and other assurance providers, and explain how independence and objectivity were safeguarded.
- 7.5 To consider and advise the Board of Governors on the audit strategy and annual internal audit plans.
- 7.6 To consider and advise the Board of Governors on internal audit assignment reports and annual reports and on control issues included in the management letters of the external auditor (including their work on regularity) and management's response to these;
- 7.7 To consider and advise the Board of Governors on relevant reports by the National Audit Office, and the funding bodies, and where appropriate management's response to these;
- 7.8 To monitor, within agreed time-scales, the implementation of recommendations arising from any reports of audit and assurance providers.
- 7.9 To produce an annual report¹ for the Board of Governors summarising the Committee's activities relating to the financial year under review, including:
- A summary of the work undertaken by the Committee during the year.
 - The number of meetings held in the year, and attendance records for each audit committee member.
 - Any significant issues arising up to the date of the preparation of the report.
 - Any significant matters of internal control included in reports of audit and assurance providers.
 - Details of the date of appointment of the external auditors and the remaining term of the contract.
 - The Committee's view of its own effectiveness and how it has fulfilled its terms of reference.
 - The Committee's opinion on the adequacy and effectiveness of the Board's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.
 - In making its opinion the Audit Committee may have reference to the 'board assurance framework'.
- 7.10 To oversee the College's policies on and processes around fraud, irregularity, impropriety and whistleblowing, and ensure:
- the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
 - that investigation outcomes are reported to the Audit Committee;

¹ The annual report must be submitted to the Board of Governors before the Statement of Corporate Governance and Internal Control in the annual accounts is signed. A copy of the Audit Committee's annual report must be submitted to the relevant funding body with the annual accounts.

- that the external auditor and internal auditor have been informed, and
- that appropriate follow-up action has been planned/actioned.
- that all significant cases of fraud or suspected fraud, theft, bribery, corruption irregularity, major weakness or breakdown in the accounting or other control framework are reported to the DfE as soon as possible..
- risks around fraud have been identified and controls put in place to mitigate them.

7.11 Consideration of the Independent report on sub-contracting

7.12 To recommend the annual accounts to the Board of Governors for approval.

7.13 In addition to its mandatory responsibilities as best practice, the Audit Committee will also oversee additional matters including data breaches, GDPR issues and health and safety incidents.

8 Audit Committee Powers

In order to exercise its role the Audit Committee:

- 8.1 has the right to scrutinise any activity within its terms of reference which may involve engaging a third party to assist.
- 8.2 has the right to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
- 8.3 The Audit Committee must not adopt an executive role.