

1. The Audit Committee is a committee of the Corporation Board established under the terms of clause 6 of the Articles of Government.
2. The role of the Committee is to advise the Corporation Board 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).
3. The Committee shall comprise of up to 6 members appointed by the Corporation Board. The Chair of the Corporation Board, the Principal, members of the Finance Committee, and the College's professional advisers are excluded from membership.
4. Membership of the Committee must include at least one person (whether a member of the Corporation Board or not) with relevant financial or audit experience. Accordingly, membership may include persons who are not governors who have been recommended by the Search Committee and approved by the Corporation Board (to be known as co-opted external members).
5. Members shall serve for a period of one college year and shall be eligible for re-appointment.
6. The Chair of the Committee will be elected by the members of the committee in the circumstance of the appointment of Chair not being made by the Corporation Board.
7. The quorum shall be two members of the Committee, excluding any Co-opted External Members.
8. In the event of the Chair of the Committee being unable to attend, the remaining governors, under paragraph 3 above, should elect one of their members as chair for the meeting.
9. The Clerk to the Corporation or his/her appointed deputy shall be the clerk to the Committee.
10. Minutes of meetings of the Committee shall be presented to the Corporation Board for information or approval as appropriate.
11. The functions of the Committee shall be to:-
 - i) 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) – restated from paragraph 2. above;
 - ii) advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements auditor and the internal audit service (IAS);
 - iii) advise the Corporation on the scope and objectives of the work of the IAS, the financial statements auditor and the funding auditor (where appointed);

- iv) ensure effective coordination between the IAS, the funding auditor and the financial statements auditor (where appointed) including whether the work of the funding auditor should be relied upon for internal audit purposes;
 - v) consider and advise the Corporation on the audit strategy and annual internal audit plans for the IAS;
 - vi) 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 audit) and the funding auditor (where appointed), and management's responses to these:
 - vii) monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, financial statements auditor's management letter and the funding auditor's management letter and spot-check reports (where appointed). These monitoring arrangements/reports to be a standing agenda item at each meeting and to clearly set out both internal and external audit actions identified:
 - viii) consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the SFA/YPLA or their successors and other funding bodies, the Joint Audit Code of Practice and, where appropriate, management's response to these;
 - ix) establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the IAS 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;
 - x) 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, and any significant matters arising from the work of the IAS, the funding auditors (where appointed) and the financial statements auditor. The report will include details of any outstanding internal and external audit recommendations and will include a summary of any non audit work completed by auditors appointed;
 - xi) ensure that all allegations of fraud and irregularity are properly followed up; and to be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors;
 - xii) be informed of all additional services undertaken by the IAS, the financial statements auditors and the funding auditors (where appointed). This will be reported by auditors as a separate agenda item at the end of each academic year; and
 - xiii) ensure all of the above are conducted in accordance with the minimum schedule of business attached at Annex 1.
12. The Committee is entitled, wherever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules of quoracy at paragraph 6 above) to exclude any, or all, participants and observers, except the Clerk to the Corporation.

Minimum cycle of Audit Committee business

Current year item of business	Indicative timings (✓)						To recommend to the Corporation for approval
	Previous year	Current year			Following year		
	Summer ✓ or autumn term	Autumn ✓ or summer term	Spring	Summer	Autumn	Spring	
1 Appointment and reappointment or dismissal (where applicable) and remuneration of internal auditors.	✓ or autumn term	✓ or summer term					Yes
2 Internal audit needs assessment, strategic plan and annual plan.		✓					Yes
3 Risk management annual report from college management.				✓ or autumn term	✓ or summer term		
4 Appointment and reappointment or dismissal (where applicable) and remuneration of financial statements auditors.			✓ or summer term	✓ or spring term			Yes
5 Interim regularity audit opinion.				✓			
6 Review of performance of the internal audit service and establishment of annual performance indicators for following year.				✓ or autumn term	✓ or summer term		No
7 Funding auditor interim opinion and management letter (where applicable).*					✓●		Yes*
8 Internal audit service annual report.*					✓●		Yes*
9 Financial statements audit management letter.*					✓●		Yes*
10 Annual report of the audit committee.*					✓		Yes*
11 Recommendation of approval to the corporation of annual financial statements (may be the role of the finance committee or equivalent) including regularity audit opinion.					✓		Yes
12 Funding auditor final opinion and management letter (where applicable).						✓	Yes
13 Review of performance of the financial statements auditors and establishment of annual performance indicators for the following year.						✓ or summer term	No
14 Internal audit reports on reviews and progress update.	Depends on timing of reports						No
	✓	✓	✓				
15 Consideration of funding auditor franchise and partnership spot-check reports (where applicable).	Depends on timing of visits						No
	✓	✓	✓				

* Corporations must have all of these reports (items 7, 8, 9 and 10) available before approving the financial statements and the statements included therein on corporate governance, responsibilities of members of the corporation and the system of internal control. The corporation must approve the annual financial statements to meet LSC deadlines.

- Items 7, 8 and 9 may be deferred until the spring term, but see comment above.