



TERMS OF REFERENCE

AUDIT COMMITTEE

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National College for High Speed Rail

Audit Committee:

Terms of Reference

1. Constitution

The Corporation has established a committee of the Corporation, to be known as the "Audit Committee", and formally approves its terms of reference.

2. Membership

- 2.1 The Committee shall comprise up to 5 non-executive members (who may or may not be members of the Corporation). In addition, the Committee may co-opt up to three additional persons with appropriate experience who are not Corporation Members, as required, for terms of up to two years. The Committee may invite the Chief Executive, Commercial Finance Director, Finance Officers, Corporation's advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).
- 2.2 The Clerk to the Corporation & Legal Officer shall be in attendance and be responsible for advising the Committee on matters in relation to the Instruments and Articles of Government and other associated regulations and taking or overseeing the taking of minutes of the meetings.
- 2.3 In order to maximise the Committee's independence and objectivity, the following people shall not be eligible to sit on the Committee:
 - (a) Those with executive responsibility at senior level;
 - (b) Members of the College Finance Committee or equivalent;
 - (c) The Chair of the Corporation; and
 - (d) Corporation Board members who have significant interests in the College
- 2.4 At least one member should have a background in finance, accounting or auditing.
- 2.5 The Chair of the Committee shall be appointed by the Corporation on a two-yearly basis.
- 2.6 Members of the Committee shall be considered for re-appointment on a two-yearly basis.
- 2.7 A member of the Committee may resign from membership of the Committee by giving notice in writing to the Clerk to the Corporation & Legal Officer.
- 2.8 Vacancies which arise on the Committee will normally be filled by the Corporation, at the next following Corporation meeting. However, the Chair of the Corporation may appoint members to the Committee between meetings of the Corporation, where necessary, to ensure a balance of skills and interests and quoracy.
- 2.9 A member of the Committee will cease to be a member if they have been absent from three consecutive meetings of the Committee without the permission of the Committee. It is the responsibility of the Chair of the Committee to address member attendance.

3 Frequency of Meetings

- 3.1 The Committee will meet at least 3 times per year. At least one meeting shall meet face to face per annum. Auditors may request a meeting of the Committee if they consider that one is necessary and the Committee will endeavour to comply with such requests.
- 3.2 The Committee will meet privately without executive members present with both external and internal auditors at least once per annum.

4 Quorum

- 4.1 The quorum for meetings of the Committee shall be 3.

5 Attendance at Meetings

- 5.1 The Chief Executive and Commercial Finance Director may be attendees upon the request of the Committee and requested to leave if required.
- 5.2 If requested by the Committee, any senior member of staff will attend.

6 Access to Meetings

- 6.1 The public shall not be admitted to the meetings.

7 Authority

- 7.1 The Committee is authorised by the Corporation to investigate any activity within its terms of reference.
- 7.2 The Committee shall make recommendations to the Corporation, subject to the overriding authority of the Corporation. The Chair of the Committee shall present these as part of the Standing Items under 'Committee Reports for Recommendation by Committee Chairs'.
- 7.3 Pursuant to 7.1, the Committee is authorised to seek information from the internal audit service, external auditor, governors, committees and employees plus relevant information from sub-contractors and other third parties and to obtain external professional advice.

8 Duties

- 8.1 To assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College's audit arrangements, framework of governance, risk management and control, and processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets through:
- Advising the Corporation, and the Directors of any subsidiary companies on audit matters relating to the subsidiary companies.
- 8.2 The Corporation may from time to time add to these terms of references but it shall not add terms that:
- Require the Audit Committee to adopt an executive role.
 - Require members of the Audit Committee to offer professional advice to the Corporation outside of their role as governors.
 - Cause the Committee to lose its primary focus on the adequacy and effectiveness of the College's audit arrangements and risk management, control and governance processes.

9. Financial reporting

- The overseeing of the production of proper accounts that follows direction given by the Secretary of State.
- To discuss with management and the external auditors the accounting policies and any material judgements made in relation to the annual financial statements, including comparisons in relation to commonly accepted practice.
- To review the annual financial statements and letters of representation and recommend to the Corporation their approval.

10. Audit

- Ensuring the accounts are audited annually after year end (31 July).
- Advising the Corporation on the appointment, reappointment, dismissal and remuneration of external auditor, the internal audit service (and any other audit service providers) and the scope and objectives of their work and other terms of engagement.
- Considering and advising the Corporation on the audit strategy and annual internal audit plans.
- Ensuring co-ordination between the internal and audit service, the external auditor and any other audit services received by the College.
- Establishing, in conjunction with College management, relevant performance measures and indicators for audit services, and to monitor the effectiveness of the internal audit service, external auditor, and any other audit services through these measures and indicators.
- Considering and advising the Corporation on internal audit assignment reports and annual reports and on control issues included in the external auditor's management letters and on any other audit reports received by the College; and on management's response to these.
- Considering and advising the Corporation on any relevant reports or recommendations by the ESFA (or their successors) or any other external body and, where appropriate, management's response to these.
- Monitoring within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, external auditor's management letters, and any other action plans arising out of audit activity.
- Informing the Corporation of any additional services provided by the financial statements, regulatory and other audit and assurance providers and explaining how independence and objectivity were safeguarded.
- To establish, in conjunction with the College's 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;
- To establish with management appropriate performance measures for the College in relation to audit matters and internal control and to 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, any special purpose auditors (if appointed) and the financial statements auditor.
- To be informed of all additional services undertaken by the IAS, the financial

statements auditors and any other auditors (if appointed). Details of any additional work must be included in the Committee's annual report to the Corporation.

11. Internal Control and Risk Management

- Overseeing the policy on fraud and irregularity 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, that the internal and external auditors have been informed, that appropriate action has been taken and that all significant cases of fraud or suspected fraud or irregularity are reported to the Chief Executive of the appropriate funding body.
- Reviewing and advising the Corporation on risk management control activity undertaken by management, with a view to ensuring that the College is managing all forms of risk effectively and adopting best practice in risk management generally.
- To advise the 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).
- To review the statements in relation to internal control in the financial statements and recommend their approval by the Board.
- To oversee the arrangements for the management and quality assurance of data to ensure their effectiveness and to include a statement within its annual report to the Corporation on the quality of data.

12. Other

- The Committee will regularly review its own terms of reference and effectiveness as part of its annual self-assessment review.
- To oversee the College's Financial Regulations and to approve changes as recommended by the Executive.
- To review the whistleblowing policy every three years and monitor the reporting of any matters arising under the policy.
- To review the College's Health and Safety Policy and to oversee the College's effectiveness in meeting the requirements of its Health and Safety Policy on an annual basis.
- To review with management the College's insurance arrangements and any significant claims or judgement.

13 Reporting Procedures


- 13.1 The minutes of meetings of the Committee will be circulated to all members of the Corporation.
- 13.2 The Committee will produce an annual report which includes the Committee's review of the effectiveness of the Corporation's systems of internal control (including risk management) – the report should incorporate any significant matters arising from the work of the internal audit service, the external auditors and any other auditors who have carried out work in relation to the College. The Audit Committee's annual report should normally be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed.

13.3 A copy of the Audit Committee's annual report must be submitted to the relevant funding body with the annual accounts.

14 Amendment

These Terms of Reference may only be amended by decision of the Corporation.

15 Terms of Reference Document Approval

	Name/Role	Signature	Date:
Approved by:	Corporation Board (Clerk to the Corporation & Legal Officer)		14.2.2018