



COLEG GWENT FURTHER EDUCATION CORPORATION
AUDIT COMMITTEE
TERMS OF REFERENCE

Approved 25 May 2021

Status of the Committee

The Audit Committee is a statutory committee under the terms of the Financial Memorandum between Welsh Government and FE colleges and the Instrument & Articles of Government. It is responsible to the Board and is authorised to investigate any activity within its terms of reference. The Committee may also seek any information it requires from any employee of the College and staff members must cooperate with any request for information.

The Audit Committee has the right to go into confidential session and to exclude any person if it is satisfied that this is appropriate. At least once a year the Committee will meet with the external and internal auditors without any officers of the College being present.

1. Executive Responsibilities

- 1.1 To ensure that Coleg Gwent complies with the mandatory requirements of the Welsh Government Audit Code of Practice.
- 1.2 To ensure that the College has in place appropriate mechanisms for the assessment and management of risk.
- 1.3 To ensure that Coleg Gwent has adequate systems and procedures in place to promote economy, efficiency and effectiveness.
- 1.4 To agree the nature and scope of audit work, including any in-year changes to the approved internal audit periodic plan.
- 1.5 To consider the draft annual financial statements prior to submission to the Board for formal approval. This review should include specific consideration of significant accounting policies, Members' responsibilities and the Corporate Governance statement. The Committee's view on any statement of the effectiveness of the internal control system will be provided to the Board as part of the Committee's Annual Report.
- 1.6 To consider major findings of internal audit investigations and management responses.
- 1.7 To promote coordination between internal and external auditors.
- 1.8 To ensure that resources made available for internal audit are sufficient to meet the College's needs.
- 1.9 To oversee, and regularly review, the College's policies on fraud and irregularity (including Anti-Fraud, Disclosure of Malpractice - Whistleblowing, and Anonymous Allegations), including any action taken under those policies, and to undertake periodic reviews of related records via a Report from the Governance Officer.
- 1.10 To regularly review and approve the College's Financial Regulations and other

relevant Tier 2 policies as delegated by the Board.

- 1.11 To ensure that all significant losses have been properly investigated and reported to the Board and that the internal and external auditors and the audit service of the Welsh Government have been fully informed.
- 1.12 To receive the annual audited accounts of the Coleg Gwent Students' Union.
- 1.13 To produce an Annual Report for submission to the Board, accompanied by the internal auditors' annual report, summarising the Committee's activity for the year. The Report will give the Committee's opinion, based on the work of internal and external audit and any other work conducted during the year, on the effectiveness of the internal control system, including risk management and corporate governance arrangements. The Report will be submitted in time to be taken into account by the Board in its consideration of the Members' responsibility statement in the annual financial statements.

2. Monitorial Responsibilities

- 2.1 To review the effectiveness of internal control systems, including the findings and conclusions arising from audits and, in particular, the external auditors' Management Letter and Communication with Those Charged with Governance and the internal auditors' annual report and management responses.
- 2.2 To review the assurance mechanisms for ensuring compliance with the College's corporate governance requirements.
- 2.3 To monitor the implementation of agreed audit recommendations.
- 2.4 To review relevant audit reports from the audit service of the Welsh Government, WAO and other organisations and to monitor implementation of relevant recommendations.
- 2.5 To monitor the performance and effectiveness of external and internal audit as the basis for recommendations to the Board concerning their re-appointment.
- 2.6 To monitor the implementation of audit related letters and guidance when received.
- 2.7 To review an Annual Report on entries in key Registers, including Interests, Gifts and Hospitality and Freedom of Information Records.

3 Advisory Responsibilities

- 3.1 To advise the Board on the appointment and terms of engagement of the internal auditors, the audit fee, the provision of non-audit services by the internal auditors and any question of their resignation or dismissal, and to make a recommendation to the Board on their annual re-appointment.
- 3.2 To advise the Board on the appointment and remuneration of the external auditors and the scope of their work, including any non-audit services provided and any question of resignation or dismissal, and to make a recommendation to the Board on their annual re-appointment.

- 3.3 To review and recommend the Internal Audit Needs Assessment, Strategy and Periodic Plan.
- 3.4 To provide advice, where required, to the Board or other committees of the Board, including advising the Board on relevant Tier 1 policies.

4. Additional matters

- 4.1 The Committee has executive responsibility only as specifically delegated to it by the Corporation and as set out in the Memorandum of Understanding with Welsh Government.
- 4.2 The Audit Committee may obtain independent, professional advice and secure the attendance at its meetings of non-members with relevant experience and expertise.
- 4.3 The Committee Chair will provide a regular report on the activities of the committee to the Board.
- 4.4 The Governance Officer will act as Clerk to the committee.
- 4.5 The Governance Officer will ensure that copies of minutes, or draft minutes (redacted where appropriate) are circulated to all Corporation members for information at the next appropriate Board meeting.
- 4.6 These Terms of Reference will be reviewed ANNUALLY

Membership:

Six
Comprising four Board Members
(excluding the Chair, Principal, Staff and Students)

plus

Two External Committee Members
The Chair of the Committee must be a Board Member.

No member of the Finance & Resources Committee may serve on the Audit Committee.

At least one member should have recent and relevant financial experience.

Quorum: **Three (50%)**, of which two (including the Committee Chair) must be Board Members.

Frequency of meetings: **4 (minimum 3) per annum**