



Audit Committee

Purpose

To advise on matters relating to the UCP's audit arrangements and systems of internal control.

Constitution

The Council has established a committee of the Council known as the audit committee.

Membership

The audit committee and its chair shall be appointed by the Council, from among its own members, and must consist of members with no executive responsibility for the management of the institution. There shall be no fewer than three members; a quorum shall be at least two members. The chair of the Council should not be a member of the committee. Members should not have significant interests in the institution.

At least one member should have recent relevant experience in finance, accounting or auditing. The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

Term of appointment

The term of appointment will be no more than 3 years. Induction and ongoing training for committee members will be provided.

Attendance at meetings

The head of finance (or equivalent), the head of internal audit and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the committee should meet with the external and internal auditors without any officers present.

The committee has the flexibility to invite anyone appropriate, regularly or by invitation to attend this meeting however no one has the right of attendance.

Frequency of meetings

Meetings shall normally be held at least twice each financial year. The external auditors or head of internal audit may request a meeting if they consider it necessary. It is at the discretion of the Chair to call additional meetings as required.

Authority

The committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the committee.

The committee is authorised by the Council to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the head of institution and/or chair of the Council. However, it may not incur direct expenditure in this respect in excess of £5000 without the prior approval of the Council.

The audit committee will review the audit aspects of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. The committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Council.

Decision making

- The quorum for committee decision making will be 2 members or 50% of total members.
- Decision making will be based on majority vote.
- The Chair of Committee has a casting vote.

Duties

The duties of the committee shall be to:

- a. discuss with the external auditors (as appointed by Inspire Education Group as the sole member of the company), before the audit begins, the nature and scope of the audit
- b. discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary)
- c. consider and advise the Council on the appointment and terms of engagement of the internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors, and any questions of resignation or dismissal of the internal auditors
- d. review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management's response; and promote co-ordination between the internal and external auditors. The committee will ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the Council as appropriate)

- e. keep under review the effectiveness of the risk management, control and governance arrangements, and in particular review the external auditors' management letter, the internal auditors' annual report and management responses
- f. monitor the implementation of agreed audit-based recommendations, from whatever source
- g. ensure that all significant losses have been properly investigated and that the internal and external auditors – and where appropriate the funding Council's accounting officer has been informed
- h. oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy
- i. satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness
- j. receive any relevant reports from the National Audit Office (NAO) and its equivalents in Scotland, Wales and Northern Ireland, the funding Council's and other organisations
- k. monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Council concerning their reappointment, where appropriate
- l. consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with the funding Council's accounts directions
- m. in the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed
- n. periodically review the Committee's own performance and the ToRs to ensure it is operating adequately and effectively and make recommendations to the Board as necessary.

Reporting procedures

The minutes of meetings of the audit committee will be circulated to all members of the Council.

The committee will prepare an annual report covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Council and head of institution, and will summarise the activity for the year. It will give the committee's opinion of the adequacy and effectiveness of the institution's arrangements for the following:

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts)
- economy, efficiency and effectiveness (value for money).

This opinion should be based on the information presented to the committee. The audit committee annual report should normally be submitted to the Council before the members' responsibility statement in the annual financial statements is signed.

Clerking and secretarial arrangements

The committee will have the flexibility to nominate one of their own members or invite a third party to act as secretary/clerk.