



Further Education College Clerk Development and Training Programme Resource Pack

Module 1: The Audit committee Executive Summary

The **purpose** of this module is to provide an overview of the role of the audit committee, their responsibilities as audit committee members and how to make effective use of auditors. As clerk, you will need to ensure audit findings are highlighted and considered at board meetings.

Under the Education Act 2011, colleges are permitted to make certain changes to their Instrument and Articles, though any such changes are subject to the limitations set out in this Act, any provisions contained within the [Joint Audit Code of Practice – Part 2 \(JACOP\)](#) and the contents of the funding body's financial memorandum.

Section 1 sets out the origins and purpose of the audit committee and the legal requirements of the governing body.

Section 2 explains the functioning authority of the audit committee and provides the JACOP-recommended key terms of reference that an audit committee should work to.

Section 3 explains the concept of risk management and provides a suggested checklist, based upon the HM Treasury model, of areas of risk that should be considered.

Section 4 makes recommendations regarding the composition of the audit committee and the skills required to form a suitably experienced and knowledgeable audit committee.

Section 5 explains the types of audit that a college will be involved in. It explains who should conduct these audits and the style, content and frequency of the reporting.

Section 6 explains how the audit committee should go about selecting its auditors and the suggested process of review via key performance indicators.

Section 7 explores the contents of the audit committee's annual report in relation to discharging the key responsibilities of the governing body as set out above.

Section 8 explains the governing body responsibilities for protecting the organisation against fraud and irregularity and the audit committee's role in providing assurances.

Section 9 provides a good practice checklist so that you can consider how effective your audit committee is.

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