

**The Northern School of Contemporary Dance**  
**The Board of Governors**  
**Terms of Reference**  
**THE AUDIT COMMITTEE (July 2016)**

<b>1.</b>	<b>Membership</b>	1.1	Four Board Members (excluding the Chair of the Board of Governors, the Principal)
		1.2	It is desirable that at least one member should have recent and relevant experience in finance, accounting or auditing.
		1.3	The Committee may, if it considers it necessary or desirable, co-opt up to two External Expert Members with particular expertise who may count towards the quorum.
<b>2.</b>	<b>Quorum</b>	2.1	Two members, with a majority of those present being Board Members.
<b>3.</b>	<b>Frequency of Meetings</b>	3.1	At least three times per year. The internal or external auditors may request a meeting if they consider that one is necessary.
<b>4.</b>	<b>Attendance at meetings</b>	4.1	The Principal, Director of Finance and Resources and a representative of the internal auditors shall normally attend meetings at the invitation of the Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary.
		4.2	At least once a year the Committee should meet with the external and internal auditors without any officers present.
		4.3	Other Board Members shall have the right of attendance, save that the Committee may, when they are satisfied that it is appropriate, meet with representatives of the internal/external auditors without the Principal or staff or student members being in attendance. Such persons shall not have a vote.
<b>5.</b>	<b>Authority</b>	5.1	The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any Board member, Committee or employee of the School and all Board members and employees of the School are directed to co-operate with any request made by the Committee.
		5.2	The Committee is authorised by the Board to obtain outside legal or other independent professional advice provided that the Committee may not incur direct expenditure in this respect in excess of £2,000, without prior approval of the Board.
		5.3	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 will, 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 Board of Governors.
<b>6.</b>	<b>Duties</b>	6.1	Advise the Board of Governors on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of resignation or dismissal of

			the external auditors
		6.2	Discuss with the external auditors, before the audit begins, the nature and scope of the audit.
		6.3	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).
		6.4	Consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service, 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
		6.5	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 School's needs (or make a recommendation to the Board of Governors as appropriate)).
		6.6	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.
		6.7	Consider those risks allocated to the Committee for oversight.
		6.8	Monitor the implementation of agreed audit-based recommendations, from whatever source.
		6.9	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, have been informed
		6.10	Oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy.
		6.11	Satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness.
		6.12	Receive any relevant reports from the National Audit Office (NAO), CDD, the funding council(s) and other organisations.
		6.13	Monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Board of Governors concerning their reappointment, where appropriate.
		6.14	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 councils' accounts directions.

		6.15	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.
		6.16	Consider and approve the following policies: <ul style="list-style-type: none"> <li>• Anti-Bribery</li> <li>• Whistleblowing</li> <li>• Fraud</li> <li>• Risk</li> </ul>
<b>7.</b>	<b>Performance Monitoring</b>	7.1	The Committee will consider its own performance against agreed performance indicators and report on this to the Board of Governors annually.
<b>8.</b>	<b>Chair</b>	8.1	The Chair of the Committee will be appointed by the Board of Governors.
<b>9.</b>	<b>Committee Servicing</b>	9.1	The Committee will be serviced by the Clerk to the Governors.
<b>10.</b>	<b>Reporting Procedures</b>	10.1	Minutes of the meeting will be presented to the next available Board Meeting.
		10.2	<p>The Committee will provide an Audit Committee Annual Report covering the School's financial year and any significant issues up to the date of preparing the report.</p> <p>The report will be addressed to the Board of Governors and the Principal (designated officer) and will summarise the activity of the Committee for the year. It will give the Committee's opinion on the adequacy and effectiveness of the School's arrangements for 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). The opinion will be based on the information presented to the Committee. The Audit Committee Annual Report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed.</p>
<b>11.</b>	<b>Appointing Authority</b>	11.1	Members shall be appointed by the Board of Governors.
<b>12.</b>	<b>Approval and Reviews</b>	12.1	<p>These Terms of Reference will be reviewed and approved by the Board of Governors biennially.</p> <p>Date current version approved: 21 July 2016</p> <p>Review due: 21 July 2018</p>