

foreword

Further and higher education institutions receive significant public funding and it is paramount that they adhere to the highest standards of corporate governance. Aspects of corporate governance in the public services have been addressed by the Committee on Standards in Public Life. The committee's first report (the Nolan Report), published in May 1995, identified and defined seven principles of conduct that should underpin public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Audit committees are responsible for forming an opinion and reporting on an institution's internal control and financial reporting arrangements. As such, they play an essential part in the corporate governance process. The requirement for further and higher education institutions to establish an audit committee is set out in their funding council's audit codes of practice and is reinforced in the financial memorandum between institutions and their respective funding councils.

CIPFA published the first edition of *A Handbook for Audit Committee Members in Further and Higher Education* in 1996. This fully updated version provides a practical source of guidance and advice for audit committee members in further and higher education. It will also be valuable to other board members who retain some key audit responsibilities and for other interested parties. It describes audit committee members' roles and responsibilities, the role of internal and external audit, and the responsibility of management to review critically the institution's control environment. This edition includes new sections on corporate governance and risk management and there is greater emphasis throughout on questions to ask. The good practice checklist in the appendices will help audit committee members to assess the effectiveness of their own committees, which will also form a useful basis for any future actions.

I do hope that those governing body members undertaking this key role in further and higher education find this handbook of practical assistance in fulfilling their important responsibilities.



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