

## TERMS OF REFERENCE - AUDIT and RISK COMMITTEE

### Purpose:

The Audit and Risk committee must advise the Corporation on the adequacy and effectiveness of the Corporation's assurance framework. The audit committee must play a robust role in good stewardship and risk management. In addition, the Audit and Risk Committee advises and supports the Corporation by explaining, in its annual accounts, the measures taken to confirm it has fulfilled its statutory and regulatory responsibilities. For the avoidance of doubt, this includes (since 29 November 2022) any requirements under the regularity framework for financial management set out in "Managing Public Money (MPM)", published by HM Treasury (March 2022, or later updates), as well as subsequent central government guidance.

The College accounts direction sets out the funding bodies' specific requirements including the required format of the Corporation's statement of corporate governance and internal control.

### Responsibilities:

The Audit and Risk Committee **must**:

- assess and provide the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets. The committee should take a holistic view with all aspects and systems, financial and non-financial, being in scope depending on their impact and effect on the corporation.
- consider the development of members and put in place appropriate training to ensure their skills and knowledge are up to date. Where the audit committee identifies a gap in its existing skillset, training and development should be provided to address this in the first instance.
- advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor (appointment to be undertaken via a tender process at least every 5 years), reporting accountant, internal audit (as applicable) and other assurance providers and establish that all such assurance providers adhere to relevant professional standards.
- inform the Corporation of any additional services provided by the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers and explain how independence and objectivity were safeguarded.
- monitor, within agreed timescales, the implementation of recommendations arising from any reports of audit and assurance providers.
- oversee the Corporation's policies and processes on fraud, irregularity, impropriety and whistleblowing, and ensure:
  - the proper proportionate and independent investigation of allegations and instances of fraud and irregularity
  - that investigations outcomes are reported to the Committee
  - that the external auditor, and internal auditor if applicable, are informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned
  - that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, cybercrime, major weakness or breakdown in the accounting or other control framework are reported to the ESFA, and other relevant funding authority, as soon as possible
  - risks around fraud have been identified and controls put in place to mitigate them.
- produce an annual report for the Corporation, summarising the Committee's activities relating to the financial year under review, including:
  - a summary of the work undertaken by the Committee during the year
  - the number of the meetings held in the year, and attendance records for each audit committee member
  - any significant issues arising up to the date of preparation of the report
  - any significant matters of internal control included in the reports of audit and assurance providers
  - details of the date of appointment of the external auditors and the remaining term of the contract
  - the Committee's view of its own effectiveness and how it has fulfilled its terms of reference
  - the Committee's opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, assurance over subcontracting, framework of governance, risk management and

control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its asset

The annual report of the committee should be submitted to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed

The Audit and Risk Committee **will**:

- advise the Corporation on the scope and objectives of the work of assurance providers, the external auditor, and the funding auditor.
- give due regard to any relevant legal or regulatory requirements associated with GDPR, Data Protection, Subject Access Data Requests and Freedom of Information Requests, liaising where relevant with other committees.
- ensure effective coordination between assurance providers the external auditor and the funding auditor.
- consider and advise the Corporation on the audit strategy and annual internal audit plans for internal audit.
- advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the external auditor's management letter and management's responses to these.
- establish, in conjunction with College Executive, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal audit arrangements and external auditor and the funding auditor through these measures and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- regularly review the Corporation Risk Management Process on behalf of the Corporation.

**Powers:**

Advisory and such specific delegated powers granted by resolution of the Corporation.  
In addition, the Committee has:

- the right to scrutinise any activity within its terms of reference, which may involve engaging a third party to assist
  - the right to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit
  - a restriction not to adopt an executive role.

**Membership:**

The Committee membership:

- shall comprise up to six members
- include individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively.
- collectively, members of the committee should have recent, relevant experience in risk management, finance, and assurance. The abilities of the membership of the audit committee should reflect the needs of the corporation and should extend to expertise in all relevant financial and non-financial areas

The Chair of Corporation is able to attend any committee due to their status and/or position.

The Committee may include a member of the Finance & Employment Committee as long as the majority of committee members are independent of the Finance & Employment Committee.

The Committee may invite the Corporation's advisers or other third parties to attend meetings as appropriate (such persons shall be entitled to speak at the meeting, but not to vote).

The Corporation has a responsibility to ensure the Committee's independence and objectivity, as such the following people shall not be eligible to serve as members of the Committee:

- The Chair of Corporation
- The Principal & Chief Executive Officer and those with executive authority at a senior level within the College\*
- The staff member\*
- The student member\*

\* The Committee may invite these members of the College to attend meetings.

**Quorum:**

The quorum for meetings shall be three members, including Co-opted members.

**Chair and Vice Chair:**

The Chair of the Committee will be recommended by the Governance & Search Committee in the summer term and appointed by Corporation for a term of one year from 1<sup>st</sup> August.

The Vice Chair will be appointed by the Committee in September for the ensuing academic year.

The retiring Chair and Vice Chair will be eligible for re-appointment.

In the absence of both the Chair and Vice Chair from a meeting, the Committee will appoint another member to act as Chair for that meeting.

**Head of Governance:**

The Head of Governance shall act as Clerk to the Committee.

**Frequency of Meetings:**

The Committee will meet not less than three times a year, or else include an explanation in their report. The internal or external auditor may request a meeting of the Committee if they consider it to be necessary, and the Committee will endeavour to comply with such requests.

**Term of Office**

Appointments to the Committee will be recommended by the Governance & Search Committee in the summer term and appointed by Corporation for a term of one year from 1<sup>st</sup> August.

**Status of Papers**

All papers will be treated as confidential until the Committee has determined their status at the end of each Committee meeting. Papers deemed by the Committee to be non-confidential will be circulated as for other Corporation and Corporation Committee reports and agendas.

The Committee shall report to Corporation through the medium of the Committee Chair's report.

<b>Terms of Reference Title:</b>	Audit & Risk Committee
<b>Author:</b>	Head of Governance
<b>Review Date:</b>	July 2024
<b>Renewal Date:</b>	July 2025
<b>Related Documents &amp; Procedures:</b>	Instrument and Articles of Government, Standing Orders, Code of Conduct, Business Cycle. MPM and other or subsequent central government guidance.