

TERMS OF REFERENCE

AUDIT & RISK ASSURANCE COMMITTEE

The membership of the Committee will be five (The Committee may co-opt members onto the Committee, as and when required).

Membership should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the Committee should have recent relevant experience in risk management, audit and assurance.

In order to maximise the Committee's independence and objectivity, the Chair of the Corporation, members of the Finance and Resources Committee, the Principal, Staff and Student Governors and the College auditors will not be eligible to sit on the Committee. However, the Principal or members of the leadership team may be in attendance at meetings with the agreement of the Chair of the Committee.

- Auditors will be invited to each meeting of the Committee
- On an annual basis the Chair will be appointed (and may also be removed) by members of the Committee. S/he will be appointed annually and will be eligible for re-appointment. If the Chair is absent from a meeting, the members of the Committee who are present will choose another member to act as Chair for that meeting. The Chair may resign their respective position at any time by giving notice to the Clerk to the Corporation.
- The Committee shall meet at least three times in each academic year. Additional meetings may be called as necessary in agreement with the Chair. The internal, regularity or financial statements auditors may request a meeting of the Committee, if they consider that one is necessary, and the Committee will endeavour to comply with such requests.
- Decisions to be made at meetings of the Committee shall be determined by a majority of the votes of members present and voting. Where there is an equal division of votes, the Chair shall have a second or casting vote.
- The Clerk to the Corporation will act as Clerk to the Committee.

The Committee will consider and advise the Corporation re:

- 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 appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors, reporting accountant, the internal audit service and other assurance providers and establish that all such assurance providers adhere to relevant professional standards
- Any material issues (*including any novel or contentious issues*) where the Committee is of the opinion that the matter should be brought to the attention of the full Corporation, either for consideration, approval or information.

The Committee will discharge its primary responsibility by receiving, considering and approving reports and recommendations re:

- Annual audit plans, setting out the scope, objectives and fees of the work to be undertaken by the internal auditors, financial statements and regularity auditors.
- Ensure there is effective co-ordination between the internal audit service, regularity auditor and the financial statements auditor, including whether the work of the regularity auditors should be relied upon for internal audit purposes.
- Receive and consider all reports of the internal audit service, confirming appropriate courses of action in relation to recommendations.

- Receive and consider the financial statement auditors' and regularity auditors' reports and management letters in relation to the College's annual Members Report and Financial Statements and Regularity Audit, confirming appropriate courses of action in relation to recommendations.
- Monitor at each meeting, the progress being made in implementing agreed recommendations arising from internal, external audit reports and other assurance providers
- Approve the College's annual Risk Management Report and Risk Management Policy, and to receive at each meeting, a report highlighting emerging issues along with variances between residual risks and the established risk appetites.
- Oversee the College's policies on fraud, irregularity or financial impropriety and whistleblowing and:
 - Ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
 - That investigation outcomes are reported to the Audit Committee;
 - That the external auditors (and internal auditors) 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, major breakdown or weakness in the accounting or other control framework are reported to the ESFA as soon as possible
 - Ensure that risks around fraud have been identified and controls put in place to mitigate them.
- Establish, relevant annual performance measures and indicators, in order to assess the ongoing effectiveness and value for money of both the internal audit service and the financial statements and regularity audit contracts.
- Be informed of all additional services undertaken by the internal audit service, financial statements auditors, regularity auditors and any other audit assurance providers and explain how independence and objectivity are safeguarded
- The Committee has a right to investigate any activity within its terms of reference and has a right to access all the information and explanations it considers necessary from whatever sources to fulfil its remit
- 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.
 - Any significant issues arising up to the date of preparation of the report;
 - Any significant matters of internal control included in the management letters and reports from auditors or other assurance providers;
 - 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 College's assurance arrangements, its framework of governance, risk management and control processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets
 - Submit the annual report to the Corporation before the Statement of Corporate Governance and Internal Control in the annual accounts is signed
- A summary report of the key points and decisions taken at each A&R Committee meeting will be presented to the next meeting of the Corporation and the Chair of the Committee or, in her/his absence, another member of the Committee will report to the Corporation on the business of the Committee.

NB: The responsibilities of the Committee will not extend to an executive role and will not require members of the Committee to offer the Corporation professional advice.

Approved by: Board of Governors
Date: July 2019
Review date: July 2020