

CITY COLLEGE NORWICH

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

1. Preamble

In accordance with the Post16 Code of Practice the Audit and Risk Committee takes a holistic view with all aspects and systems, financial and non-financial, being in scope depending on their impact and effect on the corporation.

Risk management and internal control responsibilities are a matter for the Committee which promotes sound risk management and internal control systems, including operational and compliance controls, and reviews these systems and considers the level of assurance it receives and whether this is enough to help the Corporation satisfy itself that they are operating effectively.

The Corporation and Committee operate in accordance with HM Treasury guidance (1.8) *“Advice on and scrutiny of key risks is a matter for the Corporation. The Corporation will routinely monitor the mitigation of certain strategic risks. These will include risks of a sufficient magnitude to threaten organisational success and reputation, or a scenario of combined risks that would have a similarly devastating impact. This supports the Accounting Officer in ensuring that there is regular and timely assurance on the things that are important to organisational success; in particular, the proportionate management of risks that threaten the successful achievement of business outcomes and objectives”*.

Key reference documents

- 1) ESFA Guidance – The scope of the work of Audit Committees and Internal Auditors in College Corporations (updated 25 Jan 2023) which aims to provide guidance on how the Post-16 Code of Practice can be implemented
- 2) HM Treasury – Assurance Frameworks (December 2012)
- 3) ESFA Post-16 Audit Code of Practice 2023-24 (March 2024)
- 4) Financial Reporting Council (FRC) Guidance on Audit Committees (April 2016)
- 5) CUC Handbook for members of Audit Committees 2008 – Part 11
- 6) ESFA College Financial Handbook (March 2024)

2. Membership

2.1. Committee members shall be appointed by the Corporation.

2.2. The Committee shall comprise of at least five members, which must not include the Chair of the Corporation or Principal. The quorum for meetings shall be three.

2.3. It is the Corporation’s responsibility, in appointing members, to maintain the Committee’s independence and objectivity.

3. Training and development of Committee members

- 3.1. The Committee shall consider the development of members and put in place appropriate training to ensure their skills and knowledge are up to date. Where the Committee identifies a gap in its existing skillset, training and development should be provided to address this in the first instance.

4. Conduct

- 4.1. In conducting business the Committee
- shall not adopt an executive role
 - has the right to scrutinise any activity within its terms of reference, which may involve engaging a third party to assist
 - has the right to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit
 - shall enable for Committee members (not including the Principal or other members of staff) to have the opportunity of meeting with the Auditors privately at the start of every Committee Meeting. The Director of Governance and Legal may be present for this meeting
 - should meet at least three times per year

5. Audit and Assurance

- 5.1. To assess and provide an opinion to the Corporation on the adequacy and effectiveness of the College's assurance arrangements, assurance over sub-contracting, framework of governance, risk management and control processes for the effective and efficient use of resources, value for money, solvency and the safeguarding of assets.
- 5.2. To consider and recommend the appointment, reappointment, dismissal and remuneration of the External Auditor and the Internal Auditors; and establish that all such assurance providers adhere to relevant professional standards. This consideration to include the establishment, in conjunction with College management, of relevant annual performance measures and indicators such that the effectiveness of the auditors and the quality of their work can be determined.
- 5.3. To consider and make recommendations on the College's audit strategy.
- 5.4. To agree the annual Internal Audit plans, and the scope and objectives of the work of the Internal Auditors, the External Auditor and the funding auditor (where appointed).
- 5.5. To consider outputs from other assurance activities by third parties including funding audits and investigations.
- 5.6. To determine whether the work of the funding auditor (where appointed) should be relied upon for Internal Audit purposes.

- 5.7. To review and consider the reports and formal letters from the External Auditor, reporting accountant, Internal Auditor (as applicable) and other assurance providers (as applicable), and the control issues included in them, and the management responses to these, and then monitoring the implementation of recommendations to agreed timescales, reporting to the Corporation accordingly.
- 5.8. To produce an annual report for the ESFA, Corporation and Accounting Officer which shall include:
- a) a summary of the work undertaken by the Committee during the year;
 - b) the number of the meetings held in the year, and attendance records for each audit committee member;
 - c) any significant issues arising up to the date of preparation of the report;
 - d) any significant matters of internal control included in the reports of audit and assurance providers;
 - e) details of the date of appointment of the External Auditors and the remaining term of the contract;
 - f) the Committee's view of its own effectiveness and how it has fulfilled its terms of reference;
 - g) 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, value for money, solvency, and the safeguarding of assets.
- 5.9. To inform the Corporation of all additional services undertaken by the Internal Auditor, the External Auditor and reporting accountant and the funding auditors (where appointed), explaining how independence and objectivity are safeguarded.
- 5.10. To annually review the effectiveness of the Committee and how it has fulfilled its terms of reference.
- 5.11. To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the current Funding Agency or their successors and other funding bodies, and where appropriate management's response to these.

6. Value for Money

- 6.1. To satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness i.e. for securing value for money.

7. Fraud, irregularly, impropriety and whistleblowing

- 7.1. To review and monitor the expenses claims of the Senior Post Holder(s) and raise any concerns to the Corporation.

- 7.2. To consider and approve the Corporation's policies on and processes around fraud, irregularity, impropriety and whistleblowing.
- 7.3. To monitor the operation of the Corporation's policies on and processes around fraud, irregularity, impropriety and whistleblowing, and ensure:
- a) the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
 - b) investigation outcomes are reported to the Audit and Risk Committee;
 - c) the External Auditor (and Internal Auditor if applicable) is informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned on 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 ESFA, and other relevant funding authorities, as soon as possible. To report any actual or suspected cases of significant fraud, including cybercrime, to ESFA via the 'allegations' mailbox at allegations.mailbox@education.gov.uk ;
 - d) risks around fraud have been identified and controls put in place to mitigate them.

8. Risk Management

- 8.1. To review and make recommendations in relation to the approval of the College's risk strategy and policy.
- 8.2. To annually review the entire Risk Register and ensure that risks are being properly identified, addressed appropriately, and reporting to the Corporation when risks may exceed risk appetite.
- 8.3. To routinely provide the Corporation with an assessment of strategic risks and their mitigation.

Reporting to: Corporation Board

Approved by the Board: 2 July 2024

Amended: 22 October 2024