AUDIT AND RISK COMMITTEE TERMS OF REFERENCE, 2025-26

Composition:	Minimum of three members, a majority of whom must be governors. In line with the College Financial Handbook, the Corporation Chair and Chief Executive may not serve on the committee. Staff governors may serve on the committee if the Corporation is satisfied that good practice standards of independence and objectivity can be met. The Corporation has a responsibility to maintain the committee's independence when appointing members and must appoint individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively. No cross membership with Finance, Capital and Resources Committee. Collectively the members of the committee must have recent, relevant experience in risk management, finance and assurance; members' abilities should reflect the needs of the corporation and extend to expertise in all relevant financial and non-financial areas; and members should be prepared to support, challenge, and warn the board of governors. The Committee must not adopt an executive role.
Quorum:	40% of committee subject to minimum of 3
Attendance	The Corporation attendance target is 80%. Committee members are therefore expected to attend all four meetings scheduled in 2025-26
No of meetings per year	Minimum 4 N.B. Where 3 meetings are not held, an explanation (such as when it was not possible to achieve a quorum) **must** be provided within the Audit and Risk Committee's annual report.
Chair:	Selected by committee, reviewed annually and may not be chaired by Chair of Corporation, Chief Executive, staff or external co-opted member
Public access to meetings:	By chair's invitation, with members' approval - see Standing Orders Section 12
Conduct of meetings:	See Standing Orders Section 5
Minutes:	Approval, see Standing Orders Section 4
Minutes:	Circulation/publication see Standing Orders Section 10
In attendance:	Chief Financial Officer (by invitation from the committee) Chief Operating Officer (by invitation from the committee) Chief Executive and Group Principal (by invitation from the committee) Representative of Internal Audit Service Representative of External Auditors Other members of staff may be called upon to attend at chair's discretion
Committee purpose	The Corporation is required to establish an Audit Committee in line with the Accountability Agreement and the College Financial Handbook. The Audit and Risk Committee provides independent assurance to the board that its financial and non-financial controls are operating effectively by means of: overseeing the internal control environment; overseeing external audit; oversight of counter-fraud measures; reporting and advising to the Department for Education and the FE Corporation. The committee will take into account good practice guidance in relation to Audit Committees, including the published guidance on the scope of work of audit committees and internal auditors in college corporations. The Audit Committee has the right of access and scrutiny of all information and activities it considers necessary to fulfil its remit. The committee's oversight **must** extend to the financial and non-financial controls and risks at all subsidiary companies and any subcontractors; this includes controls relating to learner data and funding claims. The Audit Committee must not adopt an executive role.

Key functions and delegated powers:	**1** To advise the Corporation on the adequacy and effectiveness of the college's assurance framework; and to play a robust role in good stewardship and risk management The committee will 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. This advisory role does not reduce the prime responsibility of the group management to institute, monitor and review all internal control systems. **2** To consider the development of members and put in place appropriate training to ensure their skills and knowledge are up to date, ensuring training and development is provided to address any identified gaps in the skillset of members. **3** To recommend the annual financial statements to the Governing Body for approval and to advise and support the Corporation to explain, in its accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities. **4** To advise the Governing Body on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and establish that all such assurance providers adhere to relevant professional standards **5** To establish, in conjunction with group management, relevant annual performance measures and indicators for the Internal Audit Service (IAS) (where appointed) and external auditor and review and monitor the effectiveness, independence and objectivity of the IAS and external auditors, including through these measures and indicators **6** To ensure a policy is in place for regular retendering of external and internal audit services (at least every five years) which takes account of the quality of the audit service, as well as the price, and to make appropriate recommendations to the Governing Body; to notify the Department for Education (DfE) immediately of the resignation of external auditors mid-term, or where the corporation removes the external auditors before the expiry of their term of office, copying to the DfE an explanation from the auditors or notifying the DfE of reasons for dismissal. 7 To advise the Governing Body on the scope and objectives of the work of the IAS, the external auditor and the funding auditor (where appointed), and any other assurance providers, including the audit strategy and annual internal audit plans for the IAS. This will include reviewing the ratings and responses on the risk register to inform the programme of work **8** To develop and implement policy on the engagement of the external auditor to supply services other than financial statements audit and regularity audit, taking into account relevant ethical guidance; to inform the Governing Body of any additional services provided by the external auditor, reporting accountant, internal audit (as applicable) and other

	assurance providers (as applicable) and explain how independence and objectivity were safeguarded **9** To review and consider the reports of the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and ensure that all recommendations arising from the programme of internal review and the external audit are followed up effectively and to agreed timescales. In order to facilitate such monitoring, the committee is empowered to invite individual members of staff to attend meetings **10** To consider and advise the Governing Body on relevant reports by the National Audit Office (NAO), the Department for Education and other funding bodies, and, where appropriate, management's response to these **11** To produce an annual report for the Governing Body summarising the activities of the Audit and Risk Committee as they relate to the financial year under review including: - a summary of the work undertaken by the committee during the year - the number of meetings held in the year and attendance records for each Audit and Risk 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 or resources, solvency, and the safeguarding of assets and to submit the annual report to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed 12 In accordance with the college accounts direction, provide DfE with an annual report on its activities, drawn from the annual report to the Governing Body and including an opinion on the effectiveness of the college's framework of internal control; and submit this with the college's audited annual report and accounts **13** To oversee the college's policies on and processes around fraud, irregularity, 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 and Risk 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 DfE, and other relevant funding authorities, as soon as possible - that risks around fraud have been identified and controls put in place to mitigate them **14** To monitor compliance with General Data Protection and Freedom of Information Regulations, including monitoring breaches, action taken and approving relevant policies **15** To support the FE Corporation in ensuring the Etc.'s assets are safeguarded, for example, by reviewing and agreeing relevant policies, such as the Group Emergency Plan and the Conflicts of Interest Policy. **16** To support and advise the FE Corporation in relation to the effectiveness of risk management processes including: - considering and recommending approval of the group's Risk Management Strategy - regularly reviewing the Etc. Strategic Risk Register and reporting to Corporation on the overall adequacy of this - advising Corporation on Risk Appetite and highlighting to Corporation when strategic risks exceed appetite - receiving periodic reports in respect of specific corporate risk - monitoring feedback from Corporation committees in respect of specific delegated corporate risks