

## **Membership**

The Audit and Risk Committee shall comprise of up to five members, up to two of whom may be Co-opted Members with appropriate financial or audit experience.

The membership of the Committee shall 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, finance and audit and assurance.

In order to maximise the Committee's independence and objectivity, the following people are not eligible to be members of the Committee.

- Members of the Finance Committee.
- The Chair of the Board.
- Governors with significant interests in the College Group.
- Anyone with significant interest in any of the College Group's professional advisers or suppliers of other significant goods or services.

The CEO and other senior post holders may not be members of the Audit and Risk Committee; however, they will normally attend meetings of the Committee. Other members of the College's staff who are Governors may be members of the Committee provided that they do not have significant executive, management, financial or budgetary responsibilities in the College.

## **Frequency of Meetings and Quorum**

The quorum of the Committee shall be three, providing that at least two of those present is a Governor.

The Audit and Risk Committee shall meet at least once a term. Additional special meetings may be called as necessary in agreement with the Chair.

## **Independence of the Committee**

In order to exercise its role the Audit and Risk Committee, when it considers it appropriate to do so, has the power to:

- i. Go into confidential session and (subject to the rules as to quoracy) to exclude any, or all, participants and observers, except the Clerk.

- ii. be granted rights of access to obtain all the information it considers necessary from members of the staff and governors of the Board, and to consult the College auditors directly.
- iii. investigate any activity within its terms of reference.
- iv. obtain external professional advice.

The Committee shall not act in an executive role nor shall its members offer professional advice to the Corporation. Advice from members should be given only in Committee members' capacity as Governors and only within their terms of reference. Rather than adopting an executive role, the Committee shall seek the formal professional opinions from the internal audit service, external auditor or other professional advisers to the Board of Governors.

### **Terms of Reference**

- a) The Audit and Risk Committee has the authority to investigate any activity within its terms of reference and the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit.
- b) The Committee's remit encompasses Chichester College Group's subsidiary companies.
- c) To ensure that the College Group adheres to the Audit Code of Practice and responds to the changes that are made to it from time to time.
- d) To make recommendations to the Governing Body on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money). The Committee should also make recommendations to the Governing Body on the adequacy and effectiveness of the processes in place to monitor the solvency of the institution and safeguard its assets.
- e) To advise the Governing Body on the appointment, reappointment, performance, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards. This shall involve tendering at least every five years. To review the letters of engagement for the financial statements and regularity auditors and other assurance providers.
- f) To advise the Governing Body on the scope and objectives of the work of the internal audit service and the financial statements and regularity auditor.
- g) To ensure effective co-ordination between the internal audit service and the financial statements auditor.

- h) To consider and advise the Governing Body on the audit strategy and internal audit plans for the internal audit service.
- i) To advise the Governing Body on internal audit assignment reports and annual reports and on control issues included in the management letters, of the financial statements auditor and management's response to these.
- j) To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the financial statements and regularity auditors management letters and of any reports submitted by other providers of audit and assurance services to the college.
- k) To consider reports of an audit nature submitted to the College, for example from the NAO, sector funding bodies, HMRC, the HSE and provide advice to the Governing Body as appropriate.
- l) To review and monitor the independence and objectivity of the internal auditors and financial statements and regularity auditors taking into consideration relevant UK professional and regulatory requirements.
- m) To inform the Corporation of any additional services provided by the financial statements, regularity and internal auditors and other audit and assurance providers and explain how independence and objectivity has been safeguarded.
- n) To establish, in conjunction with the College's management, relevant annual performance measures and indicators to monitor and review the effectiveness of the internal audit service and financial statements and regularity auditor. To decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- o) To produce an annual report for the Governing Body and Accounting Officer. The annual report will summarise the committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report, and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers. The report will include the Committee's view of its own effectiveness and how it has fulfilled its terms of reference and its opinion on the adequacy and effectiveness of the college's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness. The annual will be submitted to the Governing Body before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the audit committee's annual report will be submitted to the relevant funding body with the annual accounts.
- p) To oversee the Corporation's policies on and processes around fraud, irregularity, impropriety and whistleblowing, and ensure:

- i. the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity
  - ii. that investigation outcomes are reported to the Audit and Risk Committee
  - iii. 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
  - iv. that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to ESFA as soon as possible
  - v. that risks around fraud have been identified and controls put in place to mitigate them.
- q) To advise the Finance & General Purposes Committee of any relevant issues arising in the Financial Statements, including the statement of corporate governance and control.
- r) To have overall responsibility for maintenance & review of the Risk Register and any Board Assurance Framework and to advise the Governing Body as to whether it believes that the plan and the underlying system of controls are adequate.
- s) To review the annual report of the Risk Management Group, including the business continuity and disaster recovery plan.
- t) To notify the Funding Agency of the resignation or removal of auditors, except when this is upon expiry of their agreed term of engagement.
- u) To undertake any other tasks delegated by the Corporation related to the oversight of internal control systems, risk management, regularity and propriety
- v) To consider and meet the specific training and development needs of the members of the Committee.

### **Review and Approval**

The effectiveness and operations of the Committee will be reviewed biennially.

These Terms of Reference will be reviewed biennially together with the Committee's Annual Business Plan. Any recommendations for changes to the Terms of Reference will be presented to the Governing Body.

Approval Date:	22 Nov 2022 ARC Committee, 7 Dec Board 2022 Meeting
Review Date:	Nov 2024