

Exeter College Further Education Corporation

Audit and Risk Assurance Committee Terms of Reference

**Purpose:**

- **To advise the Corporation on the adequacy and effectiveness of the College's assurance framework.**
- **To advise and support the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.**

1. Membership
  - 1.1 This committee will comprise at least four members.
  - 1.2 Co-options will be permitted but a co-opted member will not be permitted to chair the committee.
  - 1.3 The Corporation Chair and governors who are members of the Corporation's Business Services Committee will not be permitted to serve on this committee.
  - 1.4 The Principal, other senior post holders and other members of staff will not be permitted to serve on this committee.
  - 1.5 At least one committee member must have relevant financial/audit experience.
  - 1.6 Membership will include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively the committee should have External Governors with recent relevant experience in risk management, finance and audit assurance and in IT/cyber security.
  - 1.7 The Committee shall remain independent in appointing Members.
  - 1.8 The committee shall not adopt an executive role.
2. Quorum
  - 2.1 The quorum will be two members.
3. Chair and Vice Chair
  - 3.1 The Chair and Vice Chair will be appointed on an annual basis by the Corporation at its July meeting.
4. Clerk
  - 4.1 The Clerk to committee will be the Clerk to the Corporation.
5. In attendance
  - 5.1 The Vice Principal Finance and Business Operations will attend meetings for the purpose of providing advice and information.
  - 5.2 The College's internal auditor and external auditor, and funding

auditor (where appointed), will be entitled to attend and speak at all committee meetings.

5.3 The committee may invite any member of staff to attend a meeting to present a report or provide information. Managers whose area of responsibility is under discussion may be invited to attend meetings.

6. Remit

6.1 The committee shall have the right to investigate any activity within its terms of reference, and to access all information and explanation it considers necessary, from whatever source, to fulfil its remit.

6.2 To advise the Corporation on:

- the adequacy and effectiveness of the College's assurance arrangements, using a risk based approach, and those of its subsidiary companies;
- the adequacy of assurance undertaken by the Corporation's functional committees;
- its arrangements for risk management, framework of governance, and control processes for the effective and efficient use of resources (value for money); and
- control processes for the solvency of the institution and the safeguarding of its assets.

6.3 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant and any other assurance providers, and establish that all such assurance providers adhere to relevant professional standards.

6.4 To advise the Corporation on the scope and objectives of the work of the the external auditor, reporting accountant and other assurance providers (if applicable).

6.5 To ensure effective co-ordination between the Internal Audit Service, the funding auditor (where appointed) and the external auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.

6.6 To advise the Corporation on the audit strategy and annual internal audit plans for the Internal Audit Service.

6.7 To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the external auditor (including their work on regularity) and the funding auditor (where appointed), and the management's responses to these.

6.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and the spot-check reports (where appropriate) and the external

auditor's management letter.

- 6.9 To oversee the College's policies on fraud, irregularity 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 auditor (and internal auditor if applicable) has been informed, and that appropriate follow up action has been planned/actioned; and
  - that all significant cases of fraud or suspected fraud or irregularity are reported to the appropriate funding body.
- 6.10 To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), Skills Funding Agency and any other funding bodies and, where appropriate, the management's response to these.
- 6.11 To establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the Internal Audit Service and external auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 6.12 To produce an annual report for the Corporation and accounting officer, summarising the Committee's activities relating to the financial year under review including:
- a summary of work undertaken by the Committee during the year;
  - any significant issues arising up to the date of the preparation of the report;
  - any significant matters of internal control included in the reports of audit and assurance providers;
  - the Committee's view on its own effectiveness and how it has fulfilled its terms of reference; and
  - the Committee's opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control, and its process for securing economy, efficiency and effectiveness.
- And to submit the annual report to the Board before the statement of corporate governance and internal control in the accounts is signed.
- 6.13 To inform the Corporation of any additional services provided by the external auditor, reporting accountant and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded.
- 6.14 To recommend the external auditor's management letter to the Corporation having received a copy of the annual financial statements of the Corporation and its subsidiary companies to inform this decision.

Recommendation of approval of these statements is the responsibility of the Business Services Committee.

- 6.15 To monitor that arrangements are in place to promote economy, efficiency and effectiveness (value for money).
- 6.16 The committee will have the authority to establish task and finish subgroups involving members of the committee, college managers and other individuals.
- 7. Meetings
  - 7.1 The committee will meet at least once a term and at other times as determined by the Chair or as requested by the Corporation Board.
  - 7.2 The internal auditor, funding auditor (where appointed) or external auditor may request a meeting of the committee if they consider it necessary.
  - 7.3 The committee must consider a minimum number of items of business each year for it to be able to function effectively.
  - 7.4 The Committee will be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and, subject to the rules relating to quoracy, to exclude any, or all, participants and observers, except the Clerk to the committee.
- 8. Assurance
  - 8.1 To monitor and review the remit of the Committee as detailed above in the event of organisational reconfiguration and to provide assurance to the Board that there is effective risk management.
- 9. Reporting
  - 9.1 Recommendations for Corporation decision will be included on the agenda of the next Corporation meeting after the date of the committee meeting.
  - 9.2 Minutes of committee meetings, in draft or approved form, will be presented to the next meeting of the Corporation for information.
  - 9.3 Minutes will be made available for public access in accordance with the Instrument and Articles of Government 2008.
- 10. The committee will be granted rights of access to obtain all the information it considers necessary from members of the staff and governors, and to consult the internal audit service, external auditor and funding auditor (where appointed) directly.
- 11. Amendment
  - 11.1 These terms of reference may only be amended by decision of the Corporation.

Throughout this document Board is used to refer to the Corporation as a legal entity  
approved by Board: 07.12.18