

## Exeter and North Devon Colleges Group Further Education Corporation

### Audit and Risk Assurance Committee Terms of Reference

#### 1. **Accountability and Purpose**

- 1.1 The Audit and Risk Assurance Committee is responsible to the Corporation and has a robust role in good stewardship and risk management.
- 1.2 The Committee will advise and support the corporation in explaining in its annual report and accounts the measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities.
- 1.3 The Committee will support the Board and the Principal/CEO by reviewing the comprehensiveness, reliability, and integrity of assurances, including the College's governance, risk management, and internal control framework.
- 1.4 The Committee will adopt effective systems of control and risk management that promote value for money, efficient use of the capital estate and technology, meet mandatory audit requirements, and produce accurate and quality-assured college data.
- 1.5 The Audit and Risk Assurance Committee has the authority to investigate any activity within its terms of reference, which may involve a third party to assist, and has the right of access to obtain any information it considers necessary to fulfil its remit.

#### 2. **Membership**

- 2.1 The committee will comprise at least five external members of the Corporation.
- 2.2 Co-options will be permitted but a co-opted member will not be permitted to chair the committee.
- 2.3 The Corporation Chair will not be permitted to serve on this committee. Governors who are members of the Corporation's Business Services Committee may serve on this committee, except the Chair and Vice Chair of the Business Services Committee.
- 2.4 The Principal/CEO, senior post holders and other members of staff will not be permitted to serve on this committee.
- 2.5 The Chair and Vice Chair will be appointed from time to time by the Corporation.
- 2.6 Membership will include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively the committee will have recent relevant knowledge and experience in risk management, finance and audit assurance. These should cover both financial and non-financial areas.
- 2.7 The Committee shall remain independent in appointing its Members.
- 2.8 The committee shall not adopt an executive role.

#### 3. **Meetings and Quorum**

- 3.1 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.
- 3.2 Meetings of the committee may be held in person or virtually using a video conferencing platform.
- 3.3 The quorum will be three members of the committee.
- 3.4 The Clerk to the committee will be the Clerk to the Corporation.
- 3.5 The Principal/CEO and Chief Financial Officer will attend meetings for the purpose of providing advice and information.
- 3.6 The College's internal audit service and external auditor will be entitled to attend and speak at committee meetings. They will be given the opportunity to raise any issues with the committee in the absence of College management.
- 3.7 The internal auditor, funding auditor (where appointed) or external auditor may request a meeting of the committee if they consider it necessary.
- 3.8 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.
- 3.9 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.

#### 4. **Remit of the Committee**

- 4.1 The Committee will undertake its role in accordance with the Financial Handbook and the AoC Code of Good Governance.
- 4.2 To assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College's assurance arrangements, risk management, framework of governance and control processes for the effective and efficient use of resources, solvency and the safeguarding of its assets, whilst taking a holistic view with all aspects and systems, financial and non-financial, being in scope depending on their impact and effect on the Corporation.
- 4.3 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, internal auditor and any other assurance providers, and establish that all such assurance providers adhere to relevant professional standards. To oversee the re-tendering of the external auditor every five years as a minimum.
- 4.4 To advise the Corporation on the scope and objectives of the work of the external auditor, internal auditor and any other assurance providers.
- 4.5 To review and consider the reports of the external auditor, internal auditor and any other assurance providers, and monitor the implementation of recommendations to agreed timescales.
- 4.6 To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), and any relevant funding bodies and, where appropriate, the management's response to these.

- 4.7 To establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal auditor and external auditor through these measures and indicators.
- 4.8 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.
- 4.9 To inform the Corporation of any additional services provided by the external auditor and any other assurance providers and explain how independence and objectivity were safeguarded.
- 4.10 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 the financial statements is the responsibility of the Business Services Committee.
- 4.11 To oversee the College's policies on fraud, irregularity, whistleblowing and IT security, 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) are informed, and that appropriate follow up action has been planned/actioned;
  - that all significant cases of fraud or suspected fraud or irregularity are reported to the appropriate funding body.
- 4.12 The committee will provide assurance related to Health and Safety breaches to include receiving investigation outcomes and follow up actions.
- 4.13 The committee will provide assurance of the College's compliance with the General Data Protection Regulations.
- 4.14 To consider the development of Members and put in place appropriate training to ensure skills and knowledge are up to date. Training and development shall be arranged to address any gaps in the existing skill set.

## 5. **Assurance**

- 5.1 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.

## 6. **Reporting**

- 6.1 Recommendations for Corporation decision will be included on the agenda of the next Corporation meeting after the date of the committee meeting.
  - 6.2 Minutes of committee meetings, in draft or approved form, will be made available to the Board before the next meeting of the Corporation for information.
  - 6.3 Minutes will be made available for public access in accordance with the Instrument and Articles of Government.
7. **Amendment**
- 7.1 These terms of reference may only be amended by decision of the Corporation.

Author	External Governance Adviser
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