**THE CORPORATION OF NEWHAM SIXTH FORM COLLEGE**

**AUDIT & RISK COMMITTEE: TERMS OF REFERENCE**

***APPROVED BY THE CORPORATION ON 13 JULY 2022 ON THE RECOMMENDATION OF THE AUDIT & RISK COMMITTEE***

**1 INTRODUCTION**

* 1. The Corporation has the duty to establish an Audit Committee (to be known as the Audit & Risk Committee for Newham Sixth Form College).
  2. All references to “the Committee” in this document are to be taken to mean the Audit & Risk Committee.
  3. The Committee must advise the Corporation on the adequacy and effectiveness of the Corporation’s assurance framework and play a robust role in good stewardship and risk management and in doing so have regard to the relevant guidance and frameworks published from time to time by the ESFA. In addition the Committee advises and supports the Corporation in explaining in the Annual Accounts and elsewhere as and when appropriate the measures taken to ensure that the statutory and regulatory responsibilities had been fulfilled.

1.3 The Committee has the responsibility for advising the Corporation on the appointment and performance of the Auditors.

1.4 The Committee is not to adopt an executive role.

**2 SCOPE OF THE TERMS OF REFERENCE**

2.1 To assess and provide the Corporation with an opinion on the adequacy and effectiveness of the College’s assurance arrangements (including subcontracting where applicable), framework of governance, risk management and control, and processes for the efficient and effective use of resources, the solvency of the institution and the safeguarding of its assets.

2.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditor and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards.

2.3 To inform the Corporation of any additional services provided by the external auditor, reporting accountant, internal audit and other assurance providers and explain how independence and objectivity are safeguarded.

2.4 To advise the Corporation on the scope and objectives of the work of the financial statements auditor, the funding auditor (where applicable) and the internal audit service.

2.5 To ensure effective co-ordination between the internal audit service, the funding auditor and the financial statements and regularity auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.

2.6 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal audit services.

2.7 To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements and regularity auditor and the funding auditor, and management’s responses to these.

2.8 To monitor, within an agreed timescale, the implementation of recommendations arising from the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the College including internal audit, internal audit assignment reports, internal audit annual reports, the funding auditor’s management letter and spot-check reports.

2.9 To consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Education & Skills Funding Agency (ESFA) and other funding bodies and, where appropriate, the response of the College management response to these in terms of the implications for the College.

2.10 To establish, in conjunction with College management, relevant annual performance measures and indicators and to monitor the effectiveness of the internal audit service and financial statements and regularity auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.

2.11 To oversee the Corporation’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 Committee
* that the external auditors and internal audit service provider (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 ESFA as soon as possible
* that risks associated with potential fraud are identified and controls put in place to mitigate them
* that the whistleblowing requirements set out in the Annual Funding Agreement between the ESFA and the College are addressed

2.12 To produce an annual report of the Committee for the Corporation which shall include:

* A summary of 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 number of meetings held during the year and the attendance record of each Member of the Committee
* Details of the date of appointment of the External Auditors and the remaining term of the contact
* 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 College’s audit arrangements (including where appropriate those relating to subcontracting), its framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets.

2.13 The annual report of the Committee will be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed and will be forwarded to the relevant funding body with the annual accounts (Financial Statements).

2.14 To review on a regular basis the Risk Register and the Risk Appetite and to consider the Risk Policy for recommendation to the Corporation for approval.

2.15 To consider the development of Members of the Committee and arrange to put in place appropriate training to ensure that the skills and knowledge of Members are up to date.

**3 EXERCISING THE ROLE OF THE AUDIT & RISK COMMITTEE**

3.1 In order to exercise its role the Committee shall have the power to:

* investigate any activity within its Terms of Reference

* seek and access any information and explanations it requires from whatever source including the internal audit service, external auditor, Members of Corporation, Corporation Committees College employees, and third parties in order to fulfil its remit

* obtain external professional advice

3.2 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.

3.3 In addition to the mandatory responsibilities of the such Committees it is recognised good practice to have a role in such areas as GPDR policy and practice, data breaches and health and safety incidents involving serious injuries or fatalities.

**4 MEMBERSHIP**

4.1 The Committee shall consist of at least 4 members and preferably more appointed by the Corporation from within the Corporation membership. In addition, the Corporation may appoint, from time to time, not more than 2 co-opted persons who are not members of the Corporation but have relevant experience.

4.2 The Corporation will appoint a Chair from the members of the Committee.

4.3 The Committee will appoint from within the membership a Vice Chair to serve for the period of the current academic session.

4.4 The external co-opted members may not normally act as Chair or Vice Chair of the Committee.

4.5 The following are excluded from membership of the Committee:

* Members of the Corporation with a significant financial or personal interest in the College;
* the Principal & Chief Executive and Senior Post-holders with executive, management, finance or budgetary responsibilities;
* the Chair of Corporation

4.6 In determining the membership of the Committee the Corporation will have due regard to the Post 16 Audit Code of Practice including:

* when considering if the appointment of a Staff Member serving on the Corporation meets good practice standards of independence and objectivity
* to seek to ensure that collectively the Committee has recent, relevant experience in risk management, finance and assurance.

4.7 The Clerk to the Corporation and the Vice Principal Finance & Operations shall act as officers supporting the Committee although the latter may be asked to withdraw from meetings if thought to be appropriate by the Committee.

4.8 The Principal & Chief Executive may invite members of the College staff to attend meetings of the Committee to present reports and to provide advice on matters included on the Agenda. These members of staff can be asked to withdraw if so decided by the Committee.

4.9 The Principal & Chief Executive will be invited to attend meetings but may be asked to withdraw by the Committee.

4.10 The Committee may also invite advisers and other individuals to attend as appropriate. These individuals may take part in the meeting on a consultative basis only and will have no right to vote.

**5 MEETINGS**

5.1 Meetings shall be held on a termly basis or otherwise as required by the Corporation and or the Chair of the Committee.

5.2 Agendas will be prepared by the Clerk and circulated to all members at least seven working days in advance of the meeting. The agendas will specify:

* the date and start time of the meeting
* the location of the meeting
* the items of business to be considered which will include, unless there are exceptional circumstances, the minutes of the previous meeting of the Committee
* an opportunity to identify other items of urgent business and items for subsequent meetings
* an invitation to determine the date and time of the next meeting which will have regard to the Calendar of Meetings determined by the Corporation

5.3 The agenda for a meeting will be circulated at least 7 calendar days prior to the meeting although, given the nature of business to be considered, the Committee recognises that there needs to be a degree of flexibility to address emerging and changing circumstances.  Late items will only be accepted with the agreement of the Committee.

5.4 Individual Members may suggest items to be included on the Agenda of a future meeting by advising the Chair and the Clerk at least 21 days before a meeting with an explanation of why the issue requires attention

5.5 Bulky papers may be circulated separately in advance where available to spread the reading load of Committee members.

5.6 With the agreement of the Chair of the Committee non-agenda items may be raised and the Committee may go into confidential session when it may exclude any or all participants except the Clerk.

5.7 Additional meetings may be called by the Chair of the Committee or the Chair of Corporation if the need arises.

5.8 Internal Auditors will be invited to attend all meetings. Financial Statements Auditors will be invited to attend meetings as appropriate.

5.9 All Audit Services will have access to the Chair of the Committee, both at meetings or, if helpful and appropriate, through the Clerk.

**6 ISSUES WHICH ARISE IN BETWEEN MEETINGS**

6.1 There will be occasions when issues arise between meetings which require attention.

6.2 If the matter is procedural and unlikely to be contentious the issue will be progressed by the Clerk via Written Resolution with the outcome reported to the subsequent meeting of the Committee.

6.3 If the matter is of material importance and or likely to be contentious arrangements will be made to call a meeting of the Committee.

**7 MINUTES OF MEETINGS**

7.1 Minutes of meetings of the Committee will be prepared setting out the issues addressed and the agreed actions.

7.2 The accuracy of the minutes will be determined at the subsequent meeting of the Committee prior to approval and signing by the Chair.

7.3 The minutes of the Committee will be presented to the subsequent meeting of the Corporation so that all Members are aware of the issues and can contribute.  If the minutes have not yet been confirmed by the Committee this will be clearly stated with the addition of a watermark.

**8 CLERK TO THE COMMITTEE**

8.1 The Clerk to the Corporation will act as Clerk to the Committee and will be present at all meetings unless there were exceptional circumstances when the performance of the Clerk was to be discussed and in such circumstances it was the wish of the Committee that the post holder withdrew.

8.2 In the absence of the Clerk to the Corporation and if alternative cover arrangements are not possible, a suitable substitute will be identified by the Principal & Chief Executive in consultation with the Chair of the Committee so as to publish the agenda and/or prepare the minutes as appropriate.

**9 QUORUM**

9.1 The quorum for meetings of the Committee shall be 3 Members which can include the Co-opted Members (if any) but at least 2 Corporation Members must be present.

**10 REVIEW OF THE TERMS OF REFERNCE**

10.1 The Terms of Reference of the Committee will be reviewed from time to time and at least once every other year (usually at the July meeting of the Corporation) by the Corporation having regard to the advice of the Committee and the ESFA regulatory framework.