

# the Sheffield College

## Terms of Reference

### **Audit and Risk Assurance Committee (Revised July 2018)**

#### **1. Constitution**

In accordance with the Education and Skills Funding Agency's Funding Memorandum and post-16 Audit Code of Practice (Sections 16 – 19 of the 2017/18 edition dated March 2018) the Governing Body resolves to establish an Audit and Risk Assurance Committee. The purpose of the Committee is to advise the Corporation on adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

#### **2. Membership**

- 2.1 Members of the Committee (at least 5) will be appointed by the Governing Body. The Vice-Chair of the Teaching Learning Quality & Student Experience Committee will be an ex-officio member.
- 2.2 Membership (the majority of whom will be Governors) may include persons who are not members of the Governing Body (i.e. non-Governor co-optees).
- 2.3 Membership will include individuals with an appropriate mix of skills and experience to allow the Committee to discharge its duties effectively. Collectively members of the Committee should have recent, relevant experience in risk management, finance and audit and assurance.
- 2.4 In order to maximise the Committee's independence and objectivity, the following are not eligible to serve as members of the Committee:
  - staff governors or any other employees of the College or its subsidiaries group staff;
  - members of the Finance, Employment & General Purposes Committee (or equivalent);
  - the Chair of the Governing Body.
- 2.5 Governors who are not members of the Committee shall have the right of attendance except where the business to be transacted is deemed confidential so as to exclude non-members.
- 2.6 The Executive Director of Finance and Resources will normally attend meetings. Other employees may be invited to attend as appropriate.
- 2.7 The Committee may meet the Internal Audit Service provider, Financial Statements' Auditors and the Funding Auditors (where appointed) without any College employees present (other than the Clerk, unless the matter relates to the Clerk) as and when required.

#### **3. Attendance at meetings**

- 3.1 The Clerk to the Governing Body shall act as Clerk to the Committee
- 3.2 The Internal Auditor shall be entitled to attend and speak at all meetings of the Committee (but not to vote) as shall the Financial Statements' Auditor and Funding Auditor (where appointed) where business relevant to them is being discussed. Senior management may be invited to attend meetings of the Committee, for example where their area of responsibility is under discussion, and shall be entitled to speak at such meetings but not to vote.
- 3.3 The Committee may invite the Governing Body's advisers or other third parties to attend meetings of the Committee as appropriate (such persons shall not have a vote but shall be entitled to speak at the meeting).

#### **4. Quorum**

A quorum shall consist of 3 members, all of whom should be Governors

**5. Appointment of Chair and Vice Chair**

The Governing Body shall appoint a Chair and Vice Chair from amongst the Committee membership. The Chair will normally be a Governor, to allow effective feedback to the Governing Body.

**6. Frequency of Meetings**

The Committee shall normally meet at least termly. The IAS, Funding Auditor (where appointed) or Financial Statements' Auditor may request a meeting of the Committee or with the Chair of the Committee if they consider that one is necessary and the Committee (or, as the case may be, the Chair of the Committee) will endeavour to comply with such requests

**7. Proceedings of Meetings**

7.1 The Committee shall be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules as to quoracy set out above) to exclude any, or all, participants and observers, except the Clerk to the Committee. Should the Clerk or the Committee identify a conflict of interest that requires the Clerk to withdraw in which case the Committee will appoint one of its members to record the decision.

7.2 Every question to be decided at a meeting of the Committee shall be determined by a majority of the members present. Where there is an equal division the Chair of the meeting shall have a second or casting vote.

7.3 A member may not vote by proxy.

7.4 The Committee may meet by telephone conference or by other "virtual" means.

**8. Authority**

The Committee has authority to:

8.1 Instigate any activity within its Terms of Reference.

8.2 Obtain all the information and explanations it considers necessary from members of the staff and Governors of the Corporation, and to consult the IAS, Financial Statements Auditor and Funding Auditor (where appointed) directly.

8.3 Obtain external professional advice.

**9. Role**

The role of the Committee is to:

	<u>Frequency</u>
9.1 advise the Governing Body on the adequacy and effectiveness of the College's assurance framework.	Termly
9.2 assess and provide the Governing Body with an opinion on the adequacy and effectiveness of the College's audit arrangements, framework of governance; risk management and control, processes for the effective and efficient use of resources; the solvency of the institution and the safeguarding of its assets.	The College's arrangements for risk management will be considered termly.
9.3 advise and support the Governing Body in approving its annual report and accounts, the measures it has taken to ensure it has fulfilled its stator and regulatory responsibilities (in accordance with the Annual Accounts Direction issued by funding agencies)	Annually
9.4 advise the Governing Body on the appointment, reappointment, dismissal and remuneration of the IAS Financial Statements and Regularity Auditors and other assurance providers.	Annually
9.5 consider and advise the Governing Body on the audit strategy and annual internal audit plans for the IAS.	Annually

9.6	monitor, within agreed timescales, the implementation of recommendations arising from the management letters, and reports of the Financial Statements and Regularity Auditor and any reports submitted by other providers of audit and assurance services to the College.	Termly
9.7	Oversee the College's policies on fraud and 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 Committee; that the external and internal auditors have 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.	As and when required
9.8	produce an annual report for the Governing Body. The annual report shall conform to the requirements of the ESFA 'Post-16 Audit Code of Practice'. It 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. It must include the Committee's view of its own effectiveness and those of any other Governing Body Committees including how they have fulfilled their terms of reference. The report must include 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 processes for securing economy, efficiency and effectiveness. In reaching an opinion, the Committee shall be guided by relevant provisions of the AoC Code of Good Governance for English Colleges, which Governing Body, in deciding to adopt the Code on 18 May 2015, said the board would 'conform to' those of the Code's provisions that are qualified by the term 'must' and 'have regard for' the remainder of the Code's provisions.	Annually
9.9	inform the Governing Body of any additional services provided by the IAS, the Financial Statement Auditors and other assurance providers and explain how independence and objectivity were suggested.	As and when required
9.10	recommend, in conjunction with the Finance, Employment and General Purposes Committee, the annual financial statements to the Governing Body for approval.	Annually
9.11	monitor the College's policies and procedures to ensure compliance with relevant legislation and other regulatory matters.	At least annually

## 10. Reporting Procedures/Accountability

- 10.1 The draft minutes of the Committee shall be presented to the next meeting of the Governing Body.
- 10.2 The annual report must be submitted to the Governing Body before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the Committee's annual report must be submitted to the relevant funding body with the annual accounts.
- 10.3 The Committee will consider whether any proposal or decision will have implications for the students of the College and will refer matters accordingly to the Governing Body.
- 10.4 The Committee will be responsible for ensuring continuous review and improvement with the authority delegated to it by the Governing Body

## 11 General Duties

- 11.1 To ensure co-ordination between the IAS, Financial Statements Auditor and the Funding Auditor (where appointed)
- 11.2 To provide advice on such audit issues as the Governing Body may request from time to time.
- 11.3 To consider other topics, as determined from time to time by the Governing Body.

**1<sup>st</sup> revision 16 September 1996; 2<sup>nd</sup> revision 11 November 1996; 3<sup>rd</sup> revision 27 November 1998**  
**Reviewed by the Clerk February 2000; Revised to adopt the FEFC' 'Guidance note on the College Audit Committee' May 2000;**  
**Revised to adopt the LSC's guidance on the new ISR Audit arrangements September 2001; Approved by the Governing Body – 9**  
**November 2001; Revised to adopt the LSC's revised interim Code of Practice March 2003**  
**Revisions approved by the Governing Body 19 May 2003; Revised to adopt the LSC's Audit Code of Practice February 2005;**  
**Revisions approved by the Governing Body on 14 March 2005; Amended October 2006 by the Clerk under the authority delegated by**  
**the Governing Body; Amended August 2007 by the Clerk under the authority delegated by the Governing Body, to incorporate**  
**frequency in relation to section 9 and footnotes; Amended February 2009 to incorporate monitoring of the College's health and**  
**safety policies and procedures. Amended July 2012 to reflect Committee's name change;** amended August 2013 to incorporate the  
revised Joint Audit Code of Practice (implemented 1.8.13); amended October 2015 to include Vice-Chair of Planning & Performance  
Committee as an ex-officio member; amended July 2018 to take account of the recommendations of the recommendations of the Governance  
Task and Finish Group.  
Revisions approved by Governing Body July 2018