

**Audit and Risk Assurance (ARA) Committee Terms of Reference 2024-25**

Membership	Duties	Other
<ul style="list-style-type: none"> <li>• At least <b>five</b> people, the majority of whom shall be Governors.</li> <li>• The committee may co-opt independent members.</li> <li>• Collectively, members should have recent, relevant experience of risk management, finance, and audit and assurance and receive regular training and development.</li> <li>• To maintain the committee’s independence, the Chair of Governing Body, the Chief Executive &amp; Principal and members of FEGP Committee may not serve as voting members of the committee.</li> <li>• The quorum for meetings is <b>three</b> Governors</li> <li>• Governing Body shall appoint a Chair and Vice Chair from among the membership. The committee Chair will normally be a Governor to enable feedback to Governing Body.</li> <li>• Governing Body shall maintain the committee’s independence and objectivity in appointing members.</li> </ul>	<p>In accordance with the ESFA’s Funding Memorandum and post-16 Audit Code of Practice, 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. The committee also advises and supports Governing Body in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities, including complying with the requirements in Managing Public Money and other obligations resulting from the reclassification of the college. The committee must not adopt an executive role.</p>	<p>Date of these Terms of Reference: Sept 2019; reviewed and re-approved: December 2020, May 2021, July 2022, June 2023, July 2024 Next review: July 2025</p>
	<p><b>Specific responsibilities</b></p>	
	<ul style="list-style-type: none"> <li>• The Audit and Risk Assurance Committee is authorised by Governing Body to investigate any activity within its Terms of Reference and has right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit. It also has the right to obtain external professional advice.</li> <li>• To ensure that the provisions of the ESFAs College Financial Handbook 2024 and statutory obligations therein are met.</li> <li>• To ensure that the committee has due regard to the sources of assurance suggested in the AoC Code of Good Governance 2023 in discharging its duties effectively and will review elements of recommended practice to duly consider how it supports delivery of effective governance via the 6 principles of the code.</li> </ul>	
	<p><b>Commissioning assurance</b></p> <ul style="list-style-type: none"> <li>• To determine an annual work plan to fulfil the committee’s duties and responsibilities, including: <ul style="list-style-type: none"> <li>- Advising the Governing Board on the adequacy and effectiveness of the college’s assurance framework</li> <li>- Monitoring its policies and procedures to ensure compliance with relevant legislation and other regularity matters (such policies include but are not limited to financial regulations, treasury management, risk management, whistleblowing and policies to prevent fraud, corruption, bribery and money laundering)</li> </ul> </li> <li>• To determine where external assurance may be required beyond the internal assurance available, and consider the most appropriate source from which to obtain that assurance,</li> <li>• To agree the scope and objectives of all assurance providers, their audit strategies and plans, and to ensure effective co-ordination between them.</li> </ul>	<p><b>Managing the performance of the college’s assurance providers</b></p> <p>To advise Governing Body on the appointment, re-appointment, dismissal and remuneration of the external auditor, reporting accountant, internal audit and any other assurance providers it deems necessary to deliver the college’s assurance needs and in doing so:</p> <ul style="list-style-type: none"> <li>• To approve a retendering policy for external audit, in line with the Audit Code of Practice</li> <li>• Ensure all assurance providers adhere to relevant professional standards.</li> <li>• To establish, in conjunction with management, relevant annual performance indicators, and use them to monitor the effectiveness of its various assurance providers.</li> <li>• To review the independence and objectivity of its assurance providers and develop and implement a non-audit services policy.</li> <li>• To ensure coordination between the college’s various assurance providers.</li> <li>• To ensure the assurance providers have access to appropriate officers and information, and independent access to Governing Body Chair, committee chair and members, as required.</li> </ul>
<p><b>Proceedings of meetings</b></p>	<p><b>Reporting assurance</b></p>	<p><b>Receiving assurance</b></p>
<ul style="list-style-type: none"> <li>• The committee shall meet at least termly, by virtual means if necessary.</li> <li>• It shall be entitled to go into confidential session</li> <li>• Questions shall be determined by a majority of members present.</li> <li>• Members may not vote by proxy.</li> </ul>	<ul style="list-style-type: none"> <li>• To advise Governing Body on implications for the college’s assurance framework of all the reports it receives and management’s responses.</li> <li>• To assess and provide Governing Body with an annual report summarising its work during the year; any significant matters arising up to the date of preparation of the report; any significant matters of internal control; the committee’s view on its own effectiveness and its opinion on the adequacy and effectiveness of the college’s assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets. It will include the date of appointment of the external auditors and the remaining term of the contract.</li> <li>• Following submission of the committee’s annual report, to advise Governing Body on signing its Statement of Corporate Governance and Internal Control.</li> <li>• In conjunction with the FEGP Committee, to recommend the corporation members’ annual report and financial statements for Governing Body approval, providing assurance on the measures taken to ensure the college has fulfilled its</li> </ul>	<ul style="list-style-type: none"> <li>• To review and consider all reports from assurance providers, monitor the implementation of management’s responses to recommendations to agreed timescales and agree their implications for the assurance framework and the committee’s workplan, check if additional assurances need to be commissioned.</li> <li>• To consider the implications for the assurance framework of relevant external reports, including from the funding agencies, AoC, National Audit Office, Public Accounts Committee etc.</li> <li>• To oversee the corporation’s policies on and processes around fraud, irregularity, impropriety and whistleblowing and ensure; <ul style="list-style-type: none"> <li>▪ the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;</li> <li>▪ that investigation outcomes are reported to the committee;</li> <li>▪ that the external auditor and internal auditor are informed of investigation outcomes and other matters of fraud, irregularity and impropriety and that appropriate follow-up action has been planned/actioned;</li> <li>▪ that all significant cases of fraud or suspected fraud, theft, bribery, corruption or irregularity major weakness or breakdown in the accounting or other control framework are reported to ESFA as soon as possible;</li> <li>▪ risks around fraud have been identified and controls put in place to mitigate them.</li> </ul> </li> </ul>
<p><b>Support</b></p> <ul style="list-style-type: none"> <li>• Executive Director Finance and Executive Director of Strategy and Systems Improvement will normally attend meetings. Other employees may be invited to attend as appropriate.</li> <li>• The committee may meet with any of its assurance providers without any</li> </ul>		

<p>college employees present (other than the DG)</p> <ul style="list-style-type: none"><li>• The DG shall act as secretary to the committee.</li></ul>	<p>statutory and regulatory responsibilities (in accordance with the Annual Accounts Direction issued by funding agencies).</p> <ul style="list-style-type: none"><li>• To inform Governing Body of any additional services provided by the external auditor, reporting accountant, internal audit and explain how independence and objectivity are safeguarded.</li></ul>	
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