

Audit & Risk Committee Terms of Reference

Membership and Committee Operation

1. It is a condition of funding and a requirement of the [Framework for Auditors and reporting accountants of colleges](#) that an Audit Committee is established and the Corporation of Kendal College has a responsibility to appoint members to maintain the committee's independence and objectivity.
2. The Committee shall comprise a minimum of three members, the majority of whom must be governors, but must not include the Chair of the Corporation, the Principal or Board members with significant financial interest in the college and should not include staff governors. It may include persons co-opted by the Corporation who are not governors. The committee may invite the Corporation's advisers or other parties to attend meetings as appropriate. Such persons shall be entitled to speak at the meeting but shall not have a vote.
3. The Audit Committee must ensure that it maintains its independence and objectivity when considering the appointment of members. The membership of the committee will not exceed five, and the maximum number of co-opted members will be:
 - one, when the membership is three
 - one, when the membership is four
 - two, when the membership is five
4. Membership must 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 assurance. The abilities of the membership of the committee should reflect the needs of the corporation and should extend to expertise in all relevant financial and non-financial areas. Audit committees will be most effective when they are staffed by individuals who are prepared to support, challenge, and warn the board of governors.
5. The Committee will have the authority to investigate any activity within its terms of reference which may involve engaging a third party to assist
6. The Committee will have the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit
7. The Committee must not be required to adopt an executive role
8. The Corporation shall review the membership of the committee and select a chair of the Committee annually. The Chair need not be a member of the Corporation.
9. In the absence of the Chair of the Committee, the members present shall elect one of their body to chair the meeting.
10. If requested by the Chair of the Committee, relevant College managers will attend meetings of the committee.
11. The quorum for meetings of the Committee shall be a minimum of three attendees, two of whom must be full members. Any member of the Corporation may be invited to attend

meetings in line with eligibility criteria in point 1 above and can be included in quoracy and voting for that meeting.

12. The Clerk to the Corporation shall act as Clerk to the Committee.
13. The Committee will meet at least three times per year. The funding auditors, internal auditors and external auditors may request a meeting with the Committee if they consider that one is necessary and the Committee will endeavour to comply with such a request.
14. Where a meeting is not held, such as when quoracy requirements have not been met, an explanation must be included in the annual report of the Committee.

Terms of Reference Set by the Corporation

The Audit & Risk Committee Must:

1. Assess and provide the Corporation with an 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 resource, solvency of the College and the safeguarding of its assets
2. Take an holistic view of all aspects of systems, both financial and non-financial
3. Consider the development of members and put in place appropriate training to ensure their skills and knowledge are up to date. Where the Committee identifies a gap in its existing skill set, training and development will be provided to address this in the first instance.
4. Advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards
5. Inform the Corporation on the provision of any additional services by the external auditor, reporting accountant, internal auditors and other assurance providers, and to explain how independence and objectivity have been safeguarded, taking into consideration relevant UK professional and regulatory requirements
6. Advise the Corporation on matters of internal control and other issues included in 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 the College, and management's responses to these.
7. Review and consider reports of the external auditor, reporting accountant, internal audit and other assurance providers and monitor the implementation of recommendations to agreed timescales
8. Ensure college policies and processes reflect obligations relating to managing public money (MPM) as identified under sector reclassification and annual updates in the Audit Code of Practice
9. Produce an annual report for the Corporation, summarising the Committee's activities relating to the financial year under review including:
 - 9.1. A summary of the work undertaken by the committee during the year
 - 9.2. The number of meetings held during the year and attendance records for each member
 - 9.3. Any significant issues arising up to the date of preparation of the report
 - 9.4. Details of the date of appointment of external auditors and remaining term of contract

- 9.5. Any significant matters of internal control including in the reports of audit and assurance providers
- 9.6. The Committee's view of its own effectiveness and how it has fulfilled its terms of reference.
- 9.7. The Audit & Risk Committee's opinion on the adequacy and effectiveness of the College's assurance arrangements, its framework of governance, risk management and control processes, including assurance over sub-contracting where in place, for the effective and efficient use of resources, solvency and safeguarding of assets.
- 9.8. The annual report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed.
- 9.9. A copy of the Audit & Risk Committee's annual report must be submitted to the relevant funding body with the annual accounts
10. Oversee the College's policies and processes on fraud, irregularity, impropriety and whistleblowing, and ensure:
 - 10.1. The proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
 - 10.2. That investigation outcomes are reported to the Audit & Risk Committee;
 - 10.3. That the external auditors and internal auditors are informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow up action has been planned/ actioned,
 - 10.4. That all significant cases of fraud or suspected fraud, impropriety, theft and bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework are reported to the DfE or other relevant funding authority as soon as possible (email to allegations.mailbox@education.gov.uk)
 - 10.5. That risks around fraud have been identified and controls put in place to mitigate them
11. Notify DfE immediately over the resignation of auditors other than at the end of their term of office or where they have been removed before expiry of their term of office
12. Have a policy in place for retendering of external audit services that includes consideration of the quality of the audit service as well as the price, with the contract put out to tender every five years.
13. Ensure the Board and its committees and senior management have in place adequate processes and support for undertaking and managing risk
14. Monitor the development and review of College policies to ensure they remain up-to-date and relevant
15. Monitor compliance with the General Data Protection Regulation through regular updates from the Data Protection Officer including data breaches and report progress to the Board
16. Monitor health and safety incidents including RIDDOR reporting
17. Review the terms and conditions on an annual basis and publish on the college website