

## **NEW CITY COLLEGE CORPORATION AUDIT COMMITTEE TERMS OF REFERENCE**

### **1. Origin & Name**

The Articles of Government require the Corporation to establish a committee, to be known as the “audit committee”, to advise on matters relating to the Corporation’s audit arrangements and system of internal control. The Code of Good Governance for English Colleges outlines the need for corporations to:

- i. Adopt a financial strategy and funding plans, which are compatible with the duty to ensure sustainability and solvency of the College
- ii. Ensure that effective control and due diligence takes place in relation to all matters including acquisitions, subcontracting and partnership activity
- iii. 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.

The Audit committee is named and established in accordance with paragraph 6 of the Articles of Government and the Financial memorandum. The Post 16 Audit Code of Practice (ACOP) outlines the specific requirements for the assurance, accountability and audit arrangements for providers of post 16 education and training and the broad framework in which they should operate. This includes setting out the responsibilities of the audit committee.

### **2. Role**

In accordance with the Post 16 Audit Code of Practice and the College Code of Good Governance, the role of the audit committee includes:

- i. Advising the Corporation on the adequacy and effectiveness of the College’s assurance framework.
- ii. Advising and supporting the Corporation in explaining in its annual report and accounts and the measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities.
- iii. Support the Board and the Group Principal by reviewing the comprehensiveness, reliability and integrity of assurances, including the College’s governance, risk management and internal control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.

### **3. Terms of Reference**

To:

- i. 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 resources, solvency of the institution and the safeguarding of its assets. The Audit Committee should approve the internal audit plan and receive the external audit report;
- ii. Ensure that an appropriate risk management framework is in place and is operating as intended. The Committee should review the Risk Register and advise the Corporation on its effectiveness;

- iii. Ensure that key risks to the achievement of NCC's strategic objectives are identified, monitored and reported to each meeting;
- iv. Advise the Corporation on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant and other assurance providers (if applicable) and establish that all such assurance providers adhere to relevant professional standards. The external audit contract must be put out to tender every 5 years. Removal of the auditors, other than at the expiry of their contract, must be notified to the ESFA
- v. Inform the Corporation of any additional services provided by the external auditor reporting accountant and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded.
- vi. Monitor, within agreed timescales, the implementation of recommendations arising from any reports of audit and assurance providers;
- vii. Review the independent report on subcontracting as set out the funding agreement annual subcontracting assurance clause and include this in the committee's annual report to the Corporation
- viii. Oversee the college Corporation's policies on fraud, irregularity, whistleblowing and GDPR, and ensure:
  - a. The proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity;
  - b. That investigation outcomes are reported to the audit committee
  - c. That the external auditor (and internal auditor if applicable) has been informed, and that appropriate follow-up action has been planned / actioned
  - d. That all significant cases of fraud or suspected fraud or irregularity are reported to the appropriate funding body
  - e. That risks around fraud have been identified and controls put in place to mitigate them
  - f. That risks around data protection, business continuity and cyber security have been identified and controls put in place to mitigate them.
- ix. Produce an annual report for the Corporation, summarising the committee's activities relating to the financial year under review, including:
  - a. A summary of the work undertaken by the committee during the year
  - b. the number of the meetings held in the year, and attendance records for each audit committee member
  - c. Any significant issues arising up to the date of preparation of the report
  - d. Any significant matters of internal control included in the reports of audit and assurance providers
  - e. details of the date of appointment of the external auditors and the remaining term of the contract
  - f. The committee's view of its own effectiveness and how it has fulfilled its terms of reference
  - g. The committee's opinion on; the adequacy and effectiveness of the College Corporation's assurance arrangements; its framework of governance, risk management and control; and its processes for securing economy, efficiency and effectiveness in the use of its resources, solvency, and the safeguarding of assets
  - h. Assurance on the arrangements in place to manage sub-contracting
  - i. A statement on data quality
  - j. Submit the annual report to the Corporation before the Statement of Corporate Governance and Internal Control is signed in the Annual Report and Accounts
- x. Review the self-assessment questionnaire completed as part of the preparation for the drafting the Statement on Regularity, Propriety and Compliance.
- xi. Review its terms of reference biennially.

#### 4. **Membership & Quorum**

The Committee membership:

- i. Shall normally consist of 6 but no less than 3 appropriately skilled and experienced members who have recent, relevant experience in risk management, finance and assurance, the majority of whom shall be governors; appropriate training will be given to ensure the skills and knowledge of members are kept up to date
- ii. Shall exclude the Chair of the Corporation, the Principal and members of the Finance and General Purposes Committee; and
- iii. May also include non-governor co-opted members
- iv. The Chair of the Audit Committee shall be appointed by the Corporation. If the Chair is absent from a meeting the members who are present shall choose one of their number to act as Chair for that meeting. Co-opted members will be excluded from acting as Chair
- v. The Group Principal & Chief Executive and the Deputy CEO will be in attendance at all meetings of the Audit Committee. Other senior managers shall attend, as required by the Committee
- vi. Membership of the Committee will be reviewed annually.
- vii. The quorum for meetings of the Committee shall be three Members, two of whom shall be Corporation members.

#### 5. **Clerk to the Committee**

The Clerk to the Committee will be the Director of Governance. For the purposes of these Terms of Reference, the term 'Clerk' shall refer to any Director of Governance whether a member of staff, third party provider, full or part-time.

#### 6. **Declarations of Interest**

- i. Any member of the Committee who has a financial or other business interest in any matters under discussion by the Committee must declare that interest to the Committee before any discussion of the item, not take part in the discussion nor form part of the quorum or vote on the item.
- ii. If a member is unsure as to whether personal interest may be involved or whether or not it would be appropriate to withdraw from the meeting for the discussion of the item, they should seek advice from the Clerk.

#### 7. **Frequency of & Proceedings at Meetings**

- i. The committee will meet once a term as a minimum.
- ii. Proceedings, minutes, publication of agendas and minutes, retention of records, and confidential items shall be dealt with as for Corporation.

#### 8. **Authority**

- i. In order to exercise its role, the Audit Committee has the power to:
  - a. Investigate any activity within its terms of reference;
  - b. Seek any information it requires direct from the governors, committees and College employees, plus relevant information from subcontractors and other third parties and consult the internal audit service, the financial statement auditor and the funding auditors.
  - c. Obtain external professional advice.
  - d. Hold confidential sessions and (subject to the rules on quorum) to exclude any, or all, participants and observers, except the Clerk to the Committee.

e. A responsibility to maintain its independence in appointing members

9. **Access to Meetings (including Public Access)**

- i. The Corporation shall decide any question as to whether a person should be allowed to attend any of its meetings where that person is not a Member, the Clerk or the Principal and in making its decision, it shall give consideration to any matters of confidentiality in accordance with the Instruments and Articles of Government.

Originator	Director of Governance
Date of last review	June 2022
Review date	June 2023
Review interval	Annual