

# Terms of Reference



Audit & Risk Committee	
1. APPROVING BODY	Corporation Board
2. DATE APPROVED	November 2024
3. PURPOSE	The purpose of the Audit & Risk Committee is to advise the Corporation on the adequacy and effectiveness of the Corporation's assurance arrangements, risk management, control and governance processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.
4. RESPONSIBILITIES	<p>The Audit &amp; Risk Committee shall have the following responsibilities:</p> <p><b>Internal Audit</b></p> <p>4.1 Review and recommend the annual internal audit strategy and plan to the Corporation Board for approval.</p> <p>4.2 Monitor within agreed timescales, the implementation of agreed recommendations arising from internal audit reports and of any reports submitted by other providers of audit and assurance providers to the Group.</p> <p>4.3 Advise the Corporation on internal audit assignment reports, annual reports and on control issues included in the management letters of the external auditor (including their work on regularity) and the funding auditor, and management's responses to these.</p> <p><b>External Audit</b></p> <p>4.4 Review and recommend the annual financial statements to the Corporation for approval.</p> <p>4.5 Monitor within agreed timescales, the implementation of recommendations arising from the management letters and reports of the external auditor.</p> <p>4.6 Advise the governing body on the appointment, reappointment, dismissal and remuneration of the external auditors (and other assurance providers where appointed).</p> <p>4.7 Meet with the external auditor/s at least once a year, without management present to discuss their remit and any issues arising from the audit.</p> <p><b>Risk</b></p> <p>4.8 Review the strategic risk register, the effectiveness of the management of strategic risks and the appropriateness and adequacy of all risk and control related mitigations.</p> <p>4.9 Review the NCG risk management policy, risk appetite and annual report and recommend to the Board for approval.</p>

	<p>4.10 Consider any independent assurance report on compliance with the ESFA subcontracting standard and ensure this is reflected in the meeting minutes.</p> <p><b>Other</b></p> <p>4.11 Review and recommend the Financial Regulations to the Corporation for approval.</p> <p>4.12 Produce an annual report for the Corporation summarising the Committee's activities relating to the financial year under review, which should include the committee's advice on the effectiveness of the Group's risk management, control and governance processes, any significant matters arising from the work of the internal and external auditors and meet the requirement of the Post-16 Audit Code of Practice to provide an opinion on the College's processes for securing economy, efficiency and effectiveness.</p> <p>4.13 Consider and advise the Corporation on relevant reports by the National Audit Office (NAO), the Education Skills Funding Agency (ESFA), Office for Students (OfS), other funding bodies and where appropriate, management's response to these.</p> <p>4.14 Oversee the Group'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 Audit &amp; Risk Committee; that the external auditors (and internal auditors where appointed) 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.</p> <p>4.15 Inform the Corporation of any additional services provided by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded.</p> <p>4.16 Advise the Corporation, the Executive and the Directors and employees of any subsidiary companies on audit matters relating to the subsidiary companies, as required.</p> <p>4.17 Make whatever recommendations to the Corporation Board it deems appropriate on any area within its remit where action or improvement is needed.</p>
<p><b>5. AUTHORITY</b></p>	<p>The Audit &amp; Risk Committee shall have the authority to:</p> <p>5.1 Review and approve the annual internal audit charter and policy.</p> <p>5.2 Scrutinise any activity within its Terms of Reference and access all the information it considers necessary, from whatever source, to fulfil its remit. This may involve engaging a third party to assist.</p> <p>5.3 Review risks within its remit and escalate where necessary.</p> <p>5.4 Invite other individuals with relevant skills, experience or expertise to attend meetings as necessary.</p>

	<p>5.5 Go into confidential session and (subject to the rules of quoracy set out below), exclude any or all attendees or observers, apart from the Director of Governance (clerk to the Committee).</p> <p>5.6 Other authorities as may from time to time be delegated to it by the Corporation Board.</p>
<b>6. REPORTING</b>	The Audit & Risk Committee will report to the Corporation on its proceedings after each meeting on all matters within its responsibilities.
<b>7. CHAIRPERSON</b>	The Committee shall be chaired by an independent member of the Corporation Board.
<b>8. MEMBERSHIP</b>	<p>The Committee shall comprise at least five members, at least three of whom must be independent members of the Corporation Board. In order to maximise the Committee's independence and objectivity, the Committee must not adopt an executive role. The Corporation Chair and Chief Executive Officer shall not be members of the Committee. Members of the NCG Audit &amp; Risk Committee shall not be members of the Finance &amp; Resources Committee.</p> <p>Committee membership shall be reviewed annually by the Search, Nominations &amp; Governance Committee to ensure that it continues to reflect best practice and the requirements of governance within the Group.</p>
<b>9. IN ATTENDANCE</b>	<p>The following individuals shall be in attendance:</p> <p>9.1 Chief Finance Officer</p> <p>9.2 Director of Assurance &amp; Risk</p> <p>9.3 Director of Governance (clerk)</p> <p>9.4 Head of Group Finance</p> <p>9.5 Principal observers (x 2)</p> <p>9.6 External Auditor (as relevant)</p> <p>9.7 Internal Auditor (external assurance provider – as relevant)</p> <p>9.8 Funding Auditor (as relevant)</p>
<b>10. QUORUM AND ATTENDANCE</b>	<p>10.1 A quorum shall be three, at least two of whom must be independent members of the Corporation.</p> <p>10.2 If the number of members present for a meeting of the Committee does not constitute a quorum, the meeting shall not be held. If during a meeting there ceases to be a quorum, the meeting may continue, however no decisions are to be taken.</p> <p>10.3 Prior notice of absence must be provided to the Chair and the Clerk no less than 24 hours in advance of the meeting.</p>
<b>11. VOTING</b>	<p>11.1 Decisions of the Audit &amp; Risk Committee shall be reached by consensus.</p> <p>11.2 Any action required or permitted to be taken by the Committee may be taken without a meeting if (i)</p> <p>11.2.1 the Chairperson calls for such action to be taken by written consent, which includes email and;</p> <p>11.2.2 the written consents are filed with the records of the meetings of the Committee.</p>

<b>12. MEETING ARRANGEMENTS</b>	<p>12.1 Meetings shall be held at least three times per academic year;</p> <p>12.2 Written notice of the date, time and place of the meeting shall be provided to each member at least five working days in advance.</p> <p>12.3 Each meeting shall include an agenda and matters not specified on the agenda may be taken up at the meeting at the discretion of the Chair.</p> <p>12.4 The agenda together with the relevant reports and documents will be forwarded to members at least five working days in advance to enable preparation prior to meetings.</p> <p>12.5 The Director of Governance shall keep minutes of all meetings which will include the following:</p> <ul style="list-style-type: none"> <li>• Persons in attendance</li> <li>• Date and duration of meeting</li> <li>• Expressions of conflicts of interest</li> <li>• Identification of topics discussed</li> <li>• Recommendations made</li> <li>• Actions taken</li> <li>• Decisions made</li> </ul> <p>12.6 Minutes of the meeting shall be reviewed by the Chair and submitted to members for approval at the next meeting, or where urgency exists, by email vote. Draft Chair-approved minutes shall be submitted to the Corporation (where the Committee has not met in the intervening period to approve).</p> <p>12.7 Once approved, minutes shall be circulated to all members for their records and retained by the governance team within the meeting records.</p> <p>12.8 Meetings will not be recorded.</p>
<b>13. CONFIDENTIALITY</b>	<p>Members are encouraged to communicate key decisions and issues for the purpose of delivery of the objectives of the Audit &amp; Risk Committee, however members are expected to hold confidential deliberations in the strictest of confidence, and when in doubt should consult with the Chair.</p>
<b>14. CONFLICT OF INTEREST</b>	<p>The Director of Governance shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Where it is deemed that a conflict exists, the member will be excused from deliberations and must abstain from participating in any matter in which he/she and/or his/her associates have a material interest.</p>
<b>15. TERMS OF REFERENCE</b>	<p>The Audit &amp; Risk Committee shall review its Terms of Reference at least annually to ensure it is operating at optimum effectiveness and recommend any changes it considers necessary to the Corporation Board for approval.</p>
<b>16. NCG VALUES</b>	<p>Members have a collective and individual responsibility to conduct themselves in a manner which reflects the NCG values.</p>
<b>17. REVIEW OF PERFORMANCE</b>	<p>The Audit &amp; Risk Committee shall review its performance annually.</p>