



## AUDIT COMMITTEE

### TERMS OF REFERENCE

<b>Membership:</b>	<p>Minimum of 4 Members - not to include the Chair or CEO but may include an external co-opted specialist. Members of the Finance &amp; Resources committee are excluded from membership</p> <p>Membership to include an appropriate mix of skills and experience to discharge the Committee's duties effectively, and collectively this to include recent, relevant experience in risk management, finance and assurance</p>
<b>Quorum:</b>	<p>3 members need to be present for a decision to be valid</p>
<b>Chair:</b>	<p>To be appointed by the Board of the Corporation from amongst the Board Members through the recommendation of the Board Membership Committee. The tenure of the Chair of the Audit Committee will be for a minimum of three years.</p>
<b>Clerking arrangements:</b>	<p>Clerk to the Board. All papers or presentations are to be received 5 days in advance of any meeting</p>
<b>Meetings:</b>	<p>Normally 1 per term, however ad hoc meetings can be called if required</p>
<b>Status:</b>	<p>Formally constituted as a Committee of the Board of the Corporation in accordance with the Instrument and Articles of Government and a required Committee under Funding Agreement and Audit Code of Practice</p>
<b>Powers:</b>	<p><b>Advisory</b> to the Board, to consider any matters within its set remit or as may be specifically delegated by the Board from time to time</p>
<b>Reporting arrangements:</b>	<p>The minutes of each meeting (confirmed or unconfirmed) will form part of the next available Board agenda</p>
<b>Review by the Board:</b>	<p>The committee including its terms of reference, will be reviewed and evaluated annually in relation to performance against the scheme's objectives, this to include the date of the last review</p>
<b>Purpose:</b>	<p>To provide independent and authoritative advice to the Board on the adequacy and effectiveness of the college's assurance framework, including framework of governance, risk management processes and internal controls</p> <p>Thus to support the Board in meeting its statutory responsibilities (for efficient use of resources, solvency of the institution and the safeguarding of its assets), also its regulatory responsibilities, and in explaining such in its annual accounts</p>
<b>Remit:</b>	<ol style="list-style-type: none"><li>1. Assess and provide the Board 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 safeguarding of its assets.</li><li>2. Consider and advise the Board on the audit strategy, any annual internal audit plans (or other assurance arrangements) and the scope and objectives of the work of the internal auditor (or other) and the financial statements auditor (also any other assurance provider).</li><li>3. Advise the Board on the appointment, reappointment, dismissal and remuneration of the financial statements auditor, reporting accountant and other assurance providers (if applicable), ensuring all providers adhere to relevant professional standards and taking account of performance, price and quality.</li></ol>

4. Ensure effective co-ordination between the internal auditor and the financial statements auditor
5. Monitor, within agreed timescales, the implementation of agreed recommendations arising from any reports of audit and assurance providers.
6. Oversee the college corporation's policies on and processes around fraud, irregularity, impropriety and disclosures in the public interest ('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 committee
  - that the external auditor (and internal auditor if applicable) has been informed, and that appropriate follow-up action has been planned / actioned
  - that all significant cases of fraud or suspected fraud or irregularity are reported to the ESFA
  - risks around fraud have been identified and controls put in place to mitigate them
7. Monitor the operation of the College's Risk Management arrangements and satisfy itself that risks are being actively managed, with the appropriate controls in place and working effectively.
8. Inform the Board of any additional services provided by the external auditor, internal auditor and other assurance providers (if applicable) and explain how independence and objectivity were safeguarded.
9. Produce an annual report for the Board, summarising the Committee's activities relating to the financial year under review, including:
  - a summary of the work undertaken by the committee during the year
  - any significant issues arising up to the date of preparation of the report
  - any significant matters of internal control included in the reports of audit and assurance providers
  - the committee's opinion on the adequacy and effectiveness of the college corporation's audit and 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's view of its own effectiveness and how it has fulfilled its terms of reference

and submit this to the Board before the statement of corporate governance and internal control in the annual accounts is signed

10. To have the right to investigate any activity within its Terms of Reference and to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit
11. At no time to adopt an executive role
12. Consider any relevant draft College Policies and make associated recommendations to the Board or management regarding approval (see list below).

As at June 2025, the agreed list of Policies assigned to this Committee for review is:

- a) To review and recommend to the Board for approval:
  - Fraud Policy
  - Health & Safety Policy
  - Risk Management Policy
  - Whistleblowing Policy
  - Conflicts of Interest Policy

#### **NCDS Ltd:**

13. review and consider the reports of external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable), and monitor the implementation of recommendations to agreed timescales