

Waltham Forest College



THE CORPORATION OF WALTHAM FOREST COLLEGE

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE AND STANDING ORDERS

1. INTRODUCTION

- 1.1 The Terms of Reference and Standing Orders of the Audit and Risk Committee may be varied at any time by the Corporation.
- 1.2 The Terms of Reference and Standing Orders are subject at all times to the provisions of the Instrument and Articles of Government of the Corporation.
- 1.3 Members are required to make known if they or a person with whom they have a close connection (e.g. spouse/partner or child) has a personal interest (be it financial or otherwise) in a matter before the Committee.

2. TERMS OF REFERENCE OF THE AUDIT AND RISK COMMITTEE

- 2.1 To advise the Corporation as to how best to determine for itself how to fulfil its obligations to secure the proper, economic, efficient and effective use of its resources and to safeguard the College's assets.
- 2.2 To establish a mechanism to provide assurance to the Corporation (via the Audit and Risk Committee) that sound systems of internal control, risk management and corporate governance exist with the Audit and Risk Committee 's Annual Report to the Corporation being a key source of assurance.
- 2.3 To advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).
- 2.4 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the Financial statements' auditor and the internal audit service.
- 2.5 To advise the Corporation on the scope and objectives of the work of the internal audit service, the financial statements auditor and the funding auditor (where appointed).
- 2.6 To ensure effective co-ordination between the internal audit service, the funding auditor (where appointed) and the financial statements auditor including whether the work of the funding auditor should be relied upon for internal audit purposes.
- 2.7 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the internal audit service.
- 2.8 To advise the Corporation on internal audit assignment reports and annual reports and on control issues included in the management letters of the financial statements' auditor (including their work on regularity) and the funding auditor (where appointed), and management's response to these.



- 2.9 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, the funding auditor's management letter and spot-check reports (where appropriate) and the financial statements auditor's management letter.
- 2.9 To consider and advise the Corporation on relevant reports by the National Audit Office, the Education and Skills Funding Agency, and other funding bodies and, where appropriate, management's response to these.
- 2.11 To establish, in conjunction with College management, relevant annual performance measures and indicators, and to monitor the effectiveness of the internal audit service and financial statements auditor through these measures and indicators and decide, based on the review whether a competition for price and quality of the audit service is appropriate.
- 2.12 To produce an annual report for the Corporation and accounting officer, which should include the Committee's opinion on the 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 and any significant matters arising from the work of the internal audit service, the funding auditors and the financial statements auditor.
- 2.13 To oversee the Corporation's policies on and processes around fraud, irregularity, impropriety 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 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
- 2.14 To be informed of all additional services undertaken by the internal audit service, the financial statements auditors and the funding auditors (where appointed).

3. POWERS OF THE AUDIT AND RISK COMMITTEE

- 3.1 In order to exercise the role provided for under terms of reference the Audit and Risk Committee will have the power to:
- investigate any activity within its terms of reference;
 - seek any information it requires from the internal audit service, the financial statements auditor, funding auditor (where appointed), members of the Corporation, committees and College employees, plus relevant information from sub contractors and other third parties;
 - obtain external professional advice.
- 3.2 External professional advice will be available from the appointed internal auditors and financial statements auditors. Any proposal to seek advice from any other professional organisations or individuals will be referred to the Corporation if there are any financial implications associated with seeking such advice.



4. MEMBERSHIP OF THE AUDIT AND RISK COMMITTEE

- 4.1 The Committee will be comprised of four (4) members of the Corporation and Governors and up to two independent advisers (who shall be regarded as full members of the Committee and shall have the power to vote and be count towards the quoracy).
- 4.2 In accordance with the provisions of the Articles of Government and the views of the Post16 Audit Code of Practice, the following will **not** be eligible to serve as members of the Committee:
- The Chair of the Corporation
 - The Principal & Chief Executive and any other senior post holders designated by the Corporation
 - Members of the Corporation Finance and Resources Committee
- 4.3 The Audit and Risk Committee should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, Members of the Committee should have recent, relevant experience in Risk Management, finance and audit and assurance.
- 4.4 The Audit and Risk Committee must consider the development of members and put in place appropriate training to ensure their skills and knowledge are up to date. Where the Audit and Risk Committee identifies a gap in its existing skillset, training and development should be provided to address this in the first instance.
- 4.5 In accordance with clause 4.1 It is permissible for a person other than a member of the Corporation to serve on the Audit and Risk Committee if such an appointment is approved by the Corporation.
- 4.6 The membership of the Audit and Risk Committee will be reviewed annually unless determined otherwise by the Corporation.

5. TERM OF OFFICE

- 5.1 The term of office of members of the Audit and Risk Committee will be reviewed annually unless determined otherwise by the Corporation.
- 5.2 A member of the Audit and Risk Committee may resign from membership of the Committee by giving notice in writing to the Clerk.
- 5.3 A vacancy which arises during the period of office of the Committee will be filled by the appointment of a new member by the Corporation.
- 5.4 Members retiring at the end of the period of office shall be eligible for reappointment by the Corporation.
- 5.5 A member of the Audit and Risk Committee will cease to be a member if he/she has been absent from three consecutive meetings of the Committee without the permission of the Audit and Risk Committee.



6. APPOINTMENT OF CHAIR AND VICE CHAIR

- 6.1 The members of the Committee will appoint a Chair and a Vice Chair from amongst their number subject to ratification by the Corporation.
- 6.2 The Chair and Vice Chair shall hold office for one year unless agreed otherwise by the Corporation. Normally the period of office will commence at the first meeting of the academic session.
- 6.3 If both the Chair and Vice Chair are absent from any meeting of the Committee the members of the Committee present shall choose one of their number to act as Chair for that meeting.
- 6.4 The Chair and Vice Chair may at any time resign their respective offices by notice in writing to the Clerk to the Corporation.
- 6.5 The Chair and Vice Chair retiring at the end of their respective terms of office shall be eligible for reappointment.

7. QUORUM

- 7.1 Meetings of the Committee shall be quorate if three or more members are present.
- 7.2 If the number of members assembled for a meeting of the Committee does not constitute a quorum thereof, the meeting shall not be held. If in the course of a meeting of the Committee the number of members present ceases to constitute a quorum, the meeting shall be terminated forthwith.
- 7.3 If for the lack of a quorum a meeting cannot be held or cannot continue, the Chair shall, if he or she thinks fit, cause a special meeting to be summoned as soon as practicable.

8. FREQUENCY OF MEETINGS OF THE AUDIT AND RISK COMMITTEE

- 8.1 Meetings of the Audit and Risk Committee will be held as and when appropriate although at least one meeting per term will take place unless the Chair, in consultation with the Clerk, agrees that there is insufficient business to consider.
- 8.2 In the light of the amount of business to be transacted it is anticipated that the Audit and Risk Committee will meet on three occasions each year:

Autumn Term	1 meeting
Spring Term	1 meeting
Summer Term	1 meeting

- 8.3 All meetings of the Audit and Risk Committee will be summoned by the Clerk who shall send to the members written notice of the meeting and a copy of the agenda at least seven working days in advance of the meeting.
- 8.4 A special meeting of the Audit and Risk Committee may be called by the Chair and if necessary, the arrangements detailed in paragraph 8.3 above may be varied.

9. PROCEEDINGS OF MEETINGS OF THE AUDIT AND RISK COMMITTEE



- 9.1 Every question to be decided at a meeting of the Committee shall be determined by a majority of the votes of the members present and voting on the question. Where there is an equal division of votes the Chair of the meeting shall have a second or casting vote.
- 9.2 No resolution of the Committee may be rescinded or varied at a subsequent meeting of the Committee unless consideration of the rescission or variation is a specific item of business on the agenda for that meeting.
- 9.3 The proceedings of meetings of the Audit and Risk Committee will be recorded in the minutes prepared by the Clerk to the Committee. Minutes of meetings (regardless of whether they have been confirmed as being a true record) will be presented to the subsequent meeting of the Corporation.
- 9.4 Separate minutes will be taken of any issues which are regarded by the Audit and Risk Committee to be confidential and as such the subsequent publication will be restricted.

10. CLERK TO THE AUDIT AND RISK COMMITTEE

- 10.1 The Clerk to the Audit and Risk Committee will be the Director of Governance who is the appointed Clerk to the Corporation.
- 10.2 The Clerk will be supported in her/his work by her/his designated representatives.

11. ATTENDANCE AT MEETINGS OF THE AUDIT COMMITTEE BY THE PRINCIPAL & CHIEF EXECUTIVE, THE DEPUTY PRINCIPAL FINANCE AND RESOURCES AND OTHER APPROPRIATE MEMBERS OF STAFF

- 11.1 The Principal & Chief Executive, the Deputy Principal Finance and Resources and other appropriate members of staff will be invited to attend meetings of the Audit and Risk Committee.
- 11.2 The Principal & Chief Executive and the staff of the College will not join meetings of the Audit and Risk Committee until invited to do so by the Clerk on behalf of the Committee.
- 11.3 The Audit and Risk Committee may, if it wishes, ask the Principal & Chief Executive, and/or the Deputy Principal Finance and Resources and/or other members of staff to withdraw from a meeting.

12. REPRESENTATIVES OF THE COLLEGE'S INTERNAL AUDITOR AND THE FINANCIAL STATEMENTS AUDITORS

- 12.1 Representatives of the College's internal auditors and financial statements auditors will normally be invited to attend all meetings of the Audit and Risk Committee unless there is good reason that they should not be present.
- 12.2 The Audit and Risk Committee may, if it wishes, discuss issues of interest with the College's financial statements auditor and/or internal auditors without the Principal

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& Chief Executive and/or the Deputy Principal Finance and Resources and/or other members of staff being present.

- 12.3 The representatives of the internal auditors and financial statements auditors will normally be invited to leave the meeting before the end of business so that members of the Committee have an opportunity to review issues of interest and concern before completing the action plan. This process will assist in identifying those matters to be addressed during, for example, the annual review of the performance of the financial statements' auditor auditors and the internal auditors.

13. ACCESS TO MEETINGS OF THE AUDIT AND RISK COMMITTEE

- 13.1 Access to meetings of the Audit and Risk Committee will be limited to members of the Audit and Risk Committee, the Clerk to the Audit and Risk Committee and any other persons expressly invited to attend all or part of a meeting by the members of the Audit and Risk Committee.

14. EFFECTIVENESS OF THE AUDIT AND RISK COMMITTEE

- 14.1 The Corporation will be invited on a regular basis, at least once a year, to consider the effectiveness of the Audit and Risk Committee. In so doing, it may call upon the Committee's minutes and annual report, the schedule of performance indicators, and the reports of the Internal Auditor and the Financial Statements Auditor.