Audit, Risk & Compliance Committee
Terms of Reference – 2024-25

1.   Purpose

Appendix A includes a one-page summary outlining the context and purpose of the Audit, Risk & Compliance (ARaC) Committee.

The ARaC Committee has been established under the terms of Clause 6 of the Articles of Government. ARaC advises the Board on the adequacy and effectiveness of the Board's assurance framework. These Terms of Reference also comply with the funding bodies Post 16 Audit Code of Practice (ACoP) and the Financial Memorandum.

2.   Composition

Core Membership	• At least **three** members of the Board (Independent Governors). • The CEO & Principal, Chair of the Board, members of the Finance Committee, Staff Governors and Student Governors may not be a member of this committee.
Skills & Expertise	• The membership must include individuals with an appropriate mix of skills and experience to allow the committee to discharge its duties effectively. • Collectively, members should have recent, relevant experience in risk management, finance and assurance.
Co-opted Members	• Up to two Co-opted Members may be appointed for a two-year renewable term of office. • Co-opted Members must be independent and exclude members of the firms providing the College's audit service, or the College's bankers or insurers. • Co-opted Members may not be appointed as Chair.
Committee Chair & Committee Vice Chair	• The Committee Chair and Committee Vice-Chair will be annually appointed by the Board. • In the absence of the Committee Chair and Vice-Chair, the ARaC Committee may appoint another member to act as Chair for that meeting, however, this may not be the Co-opted Member.
Lead Officer	• Chief Operating Officer
Other Attendees	• The Director of Governance, who will act as Clerk to the Committee. • The CEO & Principal and Chair of the Board – *by invitation* • The Executive Director of Finance – *by invitation* • The RC&I Committee Chair will be invited to attend at least one meeting per annum (at least in part), in representation of the RC&I Committee, with a view to consider the Annual Financial Statements. • The firms providing the College's internal and external audit services will normally be invited to all meetings and will have right of free access to the ARaC Committee Chair. • The ARaC Committee may also invite the Corporation's advisers or other third parties to attend meetings as appropriate. • The Chair or Vice-Chair may invite any Governor and, through the CEO, any staff member. • Such persons shall be entitled to speak at the meeting, but not to vote.

3.   Meetings & Quoracy

Frequency	• To meet **at least three times a year**, and as required.
Pre-Meetings	• At each meeting there will be an opportunity for all members of staff to be asked to withdraw to allow time for the Internal and External Audit to raise any matter which could not easily be raised otherwise.
Quorum	• **At least two members present**. • Co-opted Members have full voting rights and are counted as part of the quorum.
Minutes	• Meeting minutes (excluding confidential items) will be circulated to all members of the Board, via the Governor's portal (Diligent Boards). • Any recommendations for approval will be tabled for Board consideration at its earliest convenience.

4.   Relationship With Other Committees

Resources, Culture & Impact Committee	• Any issues relating to financial controls or processes (including financial risk) sit within the remit of the Audit, Risk & Compliance Committee, whilst any risk to College finances sit with the RC&I Committee's purview.
Capital Development Board	• The CDB has strategic responsibility for oversight and implementation of the Capital Development Programme, as approved by the Board. • As such, the CDB reports on risk management arrangements, in the context of Capital Development Programme to the Board.

5.   Responsibilities

Audit	• To oversee an Internal Audit program (including the appointment of Internal Auditors) based on a budget set by the Board after consideration of advice from the Audit, Risk and Compliance Committee. • To consider and advise the Board on the appointment of the External Auditors and oversee the External Audit programme. • To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit and other assurance reports, e.g. Health & Safety and Safeguarding reports on compliance. • The power to initiate and oversee further investigative work of any kind within a College accounting year. • To receive the sub-contracting audit certificate.
Risk	• To consider and advise the Board on any aspect of the governance, regulatory, controls, policies and risk management environment (including the Strategic Risk Register and Risk Appetite) across the College.
Compliance	• To consider and advise the Board on all formal external reporting. • To assess and provide the ESCG Board with an 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, and the safeguarding of assets. • To take a holistic view with all aspects and systems, financial and non-financial, being in scope depending on their impact and effect on the Corporation. • To notify the ESFA immediately of the resignation of auditors, or if the Board removes the auditors before the expiry of their term of office. The External Audit contract must be put out to tender at least every five years.

	• To oversee policies and processes around fraud, cybercrime, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework and whistleblowing and ensure proper, proportionate and independent investigation. • To provide an annual report to the Board in relation to Committee activities over the previous year	
Governance	• To review the Committee's terms of reference at least annually. • To deal with any matters specifically referred to the ARaC Committee by the Board. • To obtain outside legal or other independent professional advice as necessary.	

6. Delegable Functions – Policies, Key Documents & Routine Reports

Whilst some functions are non-delegable, certain duties have been delegated to the ARaC Committee for approval. The following table distinguishes between those reports, policies and key documents that have been designated for Committee level (rather than ESCG Board) approval, as indicated in **yellow/bold**:

Item	Joint Review	Approval Level	Frequency
Annual Reports			
1. Audit, Risk & Compliance Committee Report	-	Board	Annual
2. Health, Safety & Welfare Report	RC&I	Board	Annual
3. Information Governance – Data Protection Report	**-**	**Committee**	**Annual**
4. Internal Audit Annual Report	-	Board	Annual
5. Regularity Self-Assessment Questionnaire & Managing Public Money Return	-	Board	Annual
6. Report on Individualised Learner Record Data Checks	**-**	**Committee**	**Annual**
7. Risk Management Report & Risk Register	-	Board	Annual
Policies & Key Documents			
8. Anti-Bribery, Corruption & Fraud Policy	-	Board	Every 3 Years
9. Cash Management Policy	RC&I	Board	Annual
10. Disaster Recovery & Business Continuity Plan	-	Board	Annual
11. Environmental & Sustainability Policy	RC&I	Board	Every 3 Years
12. Financial Regulations	RC&I	Board	Annual
13. Freedom of Information Policy	-	Board	Every 3 Years
14. Freedom of Speech & Expression Policy	-	Board	Annual
15. General Data Protection Regulation Policy	-	Board	Annual
16. Gifts, Hospitality & Declaration of Interests Policy	-	Board	Annual
17. Grants, Income & Partner Contracts Procedure	**-**	**Committee**	**Annual**
18. Health, Safety & Welfare Policy	RC&I	Board	Annual
19. Procurement Policy	-	Board	Every 3 Years
20. Risk Management Policy	RC&I	Board	Annual
21. Subcontracting & Supply Chain Policy	-	Board	Annual
22. Whistleblowing Policy & Procedure	**-**	**Committee**	**Every 3 Years**
23. ARaC Committee Terms of Reference	-	Board	Annual

7.   Review & Approval

- Committee Review & Recommendation for Approval   6th June 2024

- ESCG Board Approval   8th July 2024

Summary of Changes

Version	Effective	Summary of Change	Prepared By	Approved By
1.	3rd July 2023	• New format and structure throughout. • Greater clarity on relationships with other committees. • Further detail on policies and reports delegated for Committee level review and approval.	Director of Governance	ESCG Board
2.	8th July 2024	• Minor grammatical amendments. • Meeting frequency minimum reduced from four to three times per annum. • Removal of requirement for joint annual meetings with RC&I Committee. • RC&I Committee Chair included as an additional occasional attendee, with a view to consider the Annual Financial Statements. • New Annual Report – Information Governance: Data Protection Report • New Annual Report – Report on Individualised Learner Record Data Checks • Removal of the 'Compliance with ARaC Policies & Procedures' as this was no longer required. • New Policy – Cash Management Policy • Removal of duplicate entry – Annual Data Protection Report.	Director of Governance	ESCG Board

Audit, Risk & Compliance Committee

Strategic Priority
- ***Finance & Risk:*** *We will secure strong financial foundations that ensure East Sussex College's long-term sustainability to invest in its students, people & infrastructure.*

Oversight

Ensure robust processes for the effective and efficient use of resources, the solvency of the institution and the safeguarding of its assets.

Advisory Function

Advise the Board on the adequacy and effectiveness of the assurance framework, including any aspect of the regulatory controls, policies and risk management environment across the college.

External Reporting

Ensure high quality external reporting, with particular oversight of the year end accounts and an annual report on the Committee's activities over the prior year.

Risk Management

Robustly monitor the risk management environment, including the Strategic Risk Register and risk appetite across the college.

Audit Programme

Oversee the Internal and External Audit Programmes, and monitor the implementation of agreed recommendations and management actions.

Strategic Focus

Adopt a 'future proofing' mindset to the control environment, thereby enabling the college to rapidly adapt to changing needs, whilst keeping the student experience at the forefront of decision making.

Simplification of Information

Leverage a range of concise and targeted reports, key performance indicators and benchmarking data to identify trends and enable a holistic approach to decision making.