Audit, Risk & Compliance Committee
Terms of Reference – 2026-27

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, including oversight of emerging and material risks such as cyber security, information governance and digital resilience. These terms of reference comply with the Framework for Auditors & Reporting Accountants of Colleges and the Scope of Work of Audit Committees & Internal Auditors in College Corporations.

2. Composition

Core Membership	• At least **three** members of the Board (Independent Governors). • The CEO & Principal, Chair of the Board, members of the Resources, Culture & Impact 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. • As such, the membership should ideally include an Independent Governor or Co-opted Member who is a qualified accountant[1].
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 and 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 & Principal, any staff member. • Such persons shall be entitled to speak at the meeting, but not to vote.

[1] The Board will endeavour, where possible, to ensure that there is at least one qualified accountant Independent Governor, who will be encouraged to join the membership of the ARaC Committee.

3. Meetings & Quoracy

Frequency	• To meet **at least three times a year**, and as required.
Pre-Meetings	• At each meeting, the Committee will provide an opportunity for Internal and External Auditors to meet privately with Committee members, without executive officers present.
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.
Estates & Major Projects Committee	• The E&MP Committee has strategic responsibility for the oversight and delivery of the College's major capital projects, estates strategy and large scale procurement activity. • The ARaC Committee provides independent assurance to the Board on the effectiveness of risk management, control and compliance arrangements relating to major projects and estates activity, including assurance that risks are appropriately identified, managed and escalated.

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 receive reports on the effectiveness of the internal control environment. • 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. • To ensure that cyber security risks, including supply-chain and data risks, are appropriately reflected within the Strategic Risk Register and aligned to the Board's Risk Appetite. • To schedule, as part of its annual work plan, periodic deep dives or assurance reviews on key risk areas, including cyber security.
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 routinely review the range, quality and coverage of internal/external assurance activities, and to advise the Board on any gaps or duplication. • 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 DfE 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, cyber security and cyber resilience, cybercrime, theft, bribery, corruption, irregularity, major weakness or breakdown in the accounting or other control framework, and whistleblowing, and to ensure proper, proportionate and independent investigation. • To provide specific oversight of the College's cyber security and cyber resilience arrangements, including assurance over prevention, detection, response and recovery controls. • To receive regular reporting on cyber security risks, mitigations and incidents, and to escalate material concerns to the Board as appropriate. • To provide the Board with an annual opinion on the adequacy and effectiveness of the College's governance, risk management and internal control framework, informed by internal audit, external audit and other assurance sources.
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. • **Cross-Committee Working & Inter-Committee Referral:** ○ The Committee will actively participate in structured inter-committee referral and reporting arrangements, ensuring that cross-cutting themes (including digital, cyber, sustainability and infrastructure) are appropriately considered across the governance framework. ○ In doing so, the Committee will: ▪ Initiate or respond to formal inter-committee referrals, where matters fall wholly or partly within the remit of another committee. ▪ Ensure that relevant insights, risks and assurance findings are shared in a timely and structured manner. ▪ Escalate cross-cutting issues to the Board where a holistic or Board-level view is required. • 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. Cyber Security & Resilience Assurance Report	-	Board	Annual
3. Health, Safety & Welfare Report	RC&I	Board	Annual

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

7. Review & Approval

- Committee Review & Recommendation for Approval — 11th June 2026
- ESCG Board Approval — 9th July 2026

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.	Director of Governance	ESCG Board

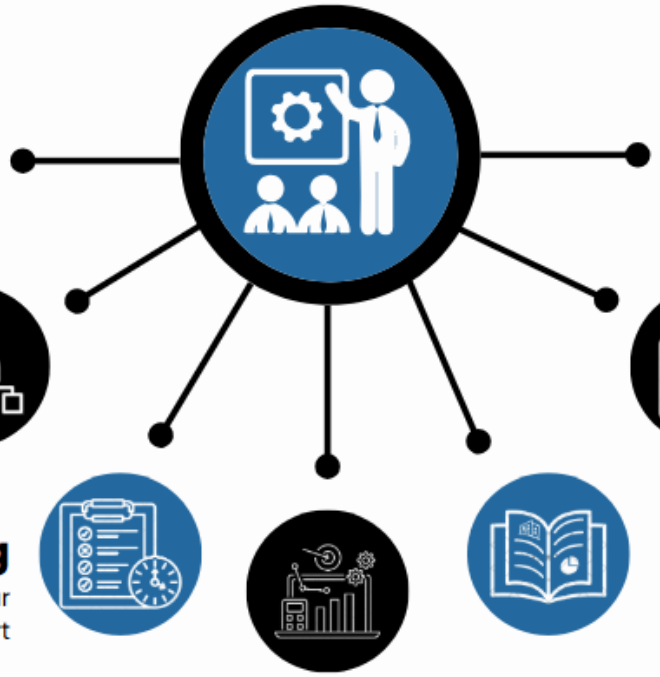
Version	Effective	Summary of Change	Prepared By	Approved By
		• New Annual Report – Information Governance: Data Protection Report • New Annual Report – Report on Individualised Learner Record Data Checks. • Removal of the 'Compliance with ARaC Policies & Procedures' as this was no longer required. • New Cash Management Policy. • Removal of duplicate entry – Annual Data Protection Report.		
3.	7th July 2025	• Replaces reference to 'Post 16 Audit Code of Practice and Financial Memorandum' with the Framework for Auditors & Reporting Accountants of Colleges and the Scope of Work of Audit Committees & Internal Auditors in College Corporations. • Lists the receipt of reports on the effectiveness of internal controls. • Amended name for an annual report. • Amended names for two policies. • Reduced review frequencies for several policies.	Director of Governance	ESCG Board
4.	9th July 2026	• Updated relationships with other committees, particularly the new E&MP Committee. • Enhanced ARaC responsibilities to reflect Board-designated oversight of cyber security and cyber resilience, following adoption of the Cyber Governance Code of Practice. • Inclusion of annual cyber resilience assurance reporting to the Committee. • Minor enhancements to risk and assurance responsibilities in line with DfE audit committee guidance. • Clarified role in providing independent assurance over compliance with the Procurement Policy, alongside E&MP ownership. • Clarity in the handling of inter-committee referrals. • Removal of the 'Grants, Income & Partner Contracts Procedure', which is now an Exec owned policy. • Transitioning of review and oversight of 'Environmental & Sustainability Policy' to RC&I and E&MP Committees.	Director of Governance	ESCG Board

Appendix A – Committee Context

Audit, Risk & Compliance Committee

Strategic Ambition

- ***Resources & Investments:*** *We will ensure East Sussex College's long term sustainability and protect investment in our students, people and infrastructure by strengthening our financial foundations.*



Oversight

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

Risk Management

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

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.

Audit Programme

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

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.

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.