



AUDIT AND RISK COMMITTEE Terms of Reference

This Audit and Risk Committee (the “**Committee**”) mandate has been adopted by the Board of RNN Group (the “**Corporation**”), and the Committee, established under Clause 4 of the Articles of Government. The Committee advises the Corporation on the Corporation’s systems of internal control, and risk management arrangements.

The scope of the Committee’s work includes working to continuously improve the effectiveness of the Corporation’s internal controls and audit arrangements and increasing public confidence in the objectivity and fairness of the Corporation’s financial reports. The Committee also advises the Corporation on the appointment of Internal Auditors and Financial Statement Auditors and oversees their work.

1. COMMITTEE COMPOSTION

1.1 Membership

- 1.1.1 The Committee shall consist of up to seven members and shall be appointed by the Corporation. This number may include persons who are not Governors who have been approved by the Corporation (to be known as Co-opted External Members).
- 1.1.2 The Chair of the Corporation and the Chief Executive are ineligible for membership, but may attend meetings of the Committee.
- 1.1.3 At least one member of the Committee must have relevant financial or audit experience.
- 1.1.4 Appointments to the committee shall be for a period of up to two years extendable by no more than two additional two-year periods.

1.2 Chair

- 1.2.1 The Corporation shall appoint the Committee Chair. In the absence of the Chair, the remaining members present shall elect one of themselves to chair the meeting.

- 1.2.2 The Chair shall serve for a term of two years and can be eligible for reappointment within the overall conditions of their membership of the Corporation.
- 1.2.3 Co-opted External Members shall not be appointed Chair, except in exceptional circumstances.
- 1.2.4 The role of the Chair is to facilitate the functioning of the Committee and to maintain and enhance the quality of corporate governance of the Committee. The Chair's key responsibilities are to manage the affairs of the Committee and committee governance through effective committee meetings in order that the Committee can fulfil its obligations and responsibilities.

3. COMMITTEE PROCEDURES

3.1 Secretary

The Clerk to the Corporation or their nominee shall act as the Secretary of the Committee.

3.2 Frequency of Meetings

The Committee shall meet at least four times a year, or more frequently as circumstances dictate.

3.3 Quorum

The quorum necessary for the transaction of business shall be a simple majority of the membership in place.

3.4 Notice of Meetings

- 3.4.1 Meetings of the Committee shall be convened by the Secretary of the Committee.
- 3.4.2 The agenda for each meeting shall be approved by the Chair
- 3.4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Member of the Committee, and any person required to attend, no later than [five] working days before the day of the meeting. Supporting papers shall be sent to Committee Members, and other attendees as appropriate, at the same time.

3.5 Attendance at Meetings

3.5.1 The Director of Finance and representatives of Internal Audit and the Financial Statements Auditors shall normally attend meetings of the Committee. The Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary.

3.5.2 Other Corporation members shall have a right of attendance, save that the Committee may, when satisfied that it is appropriate, meet with representatives of the Internal and External Auditors without the Chief Executive or staff or student members being in attendance.

3.6 Minutes

The Secretary shall prepare formal minutes for every meeting capturing key issues raised, and decisions and approvals made by the Committee. The minutes shall include the names of all those present at the meeting.

3.7 Corporation Reporting

Following each Committee meeting, the Chair of the meeting shall report to the Corporation on material matters arising at meetings, and the minutes of the meeting shall, once approved by the Chair, be presented to the Board.

3.8 Annual Evaluation

3.8.1 The Committee shall conduct an annual self assessment to assess its contribution and effectiveness in fulfilling its terms of reference.

4. DUTIES

4.1 To advise the Corporation on the adequacy and effectiveness of the College's systems of internal control and its arrangement for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).

4.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the Financial Statements Auditor and the Internal Audit Service.

4.3 To advise the Corporation on the scope and objectives of the work of the Internal Audit Service and the Financial Statements Auditor and establish that Providers adhere to relevant professional standards.

- 4.4 To ensure effective co-ordination between the Internal Audit Service, the Financial Statements Auditor and the Funding Auditor, including whether the work of the Funding Auditor should be relied upon for internal audit purposes.
- 4.5 To consider and advise the Corporation on the audit strategy and annual internal audit plans for the Internal Audit Service.
- 4.6 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 management's response to these.
- 4.7 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and any Funding Body audit reports (where appropriate) and the Financial Statements Auditor's management letter.
- 4.8 To consider and advise the Corporation on relevant reports issued by the National Audit Office, and current education funding bodies and where appropriate, management's response to these.
- 4.9 To establish, in conjunction with management, relevant annual performance measures and indicators and to monitor the effectiveness of the Internal Audit Service, and Financial Statement auditor through these measures and indicators and to decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- 4.10 To produce an Annual Report for the Corporation, which includes
 - 4.10.1 a summary of the Committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report;
 - 4.10.2 the Committee's view of its own effectiveness and how it has fulfilled its terms of reference; and
 - 4.10.3 the Committee's opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control and processes for securing economy, efficiency and effectiveness.
- 4.11 To oversee the College'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 the Financial Statement Auditors (and Internal

Auditor Service, where appropriate) have been informed and that appropriate follow up action has been planned/actioned and that all significant cases of fraud or irregularity are reported to the Chief Executive of the appropriate funding body.

- 4.12 To advise the Board on the provision of all additional services undertaken by the Internal Audit Service and the Financial Statements Auditor and to explain how independence and objectivity have been safeguarded.
- 4.13 To recommend the annual financial statements and the Financial Statement Auditor's Management Letter to the Corporation for approval.
- 4.14 To review the self-assessment questionnaire completed by the Corporation prior to submission to the Financial Statements Auditor.
- 4.15 To recommend to the Board Financial Regulation for approval.
- 4.16 To meet regularly, and at least once a year, with internal and external audit, without the presence of management.

5. AUTHORITY

- 5.1 The Committee is authorised by the Corporation to investigate any activity within its terms of reference. It is authorised to seek any information it requires from the Internal Audit Service, the Funding Auditor, the Financial Statement Auditor and any sub-contractor, third party, Corporation Member, Committee of the Corporation or employee of the College and all Corporation Members and employees of the College are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised by the Corporation to obtain outside legal or other independent professional advice at the expense of the College, and to secure the attendance of outsiders with the relevant experience and expertise if it considers necessary.

6. REVIEW

These Terms of Reference will be reviewed on an annual basis by the Committee.

7. CURRENCY

These Terms of Reference were approved by the Corporation on 1 February 2016.