Chelmsford College

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

June 2026

OBJECTIVES AND REMIT

To discharge the Board's duty required as a condition of funding and by both the **Framework for auditors and reporting accountants of colleges - Audit and regularity assurance requirements for further education colleges, sixth-form colleges and designated institutions,** and the College's Instrument and Articles.

To advise the Board on the adequacy and effectiveness of the Board's assurance framework.

The Audit and Risk Committee must play a robust role in good stewardship and risk management and should refer to DfE guidance on the scope of work of Audit and Risk committees and internal auditors in college Boards. In addition, the Audit and Risk committee advises and supports the Board in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities. The College Accounts Direction sets out DfE's specific requirements, including the required information to be included in the Board's statement of corporate governance and internal control.

The Committee must not adopt an executive role.

The Committee has a right to scrutinise any activity within its terms of reference, which may involve engaging a third party to assist.

The Committee has a right to access all the information and explanations it considers necessary, from whatever source, to fulfil its remit.

MEMBERSHIP

The Committee will have a minimum of four members who may not be the Chair of the Board or the CEO.

The Board has a responsibility to maintain the Audit and Risk Committee's independence and objectivity.

The Audit and Risk committee must include individuals with an appropriate mix of skills and experience to allow the Committee to discharge its duties effectively. Collectively, members of the committee should have recent, relevant experience in risk management, finance, and assurance. The abilities of the membership of the Audit and Risk committee should reflect the needs of the Board and should extend to expertise in all relevant financial and non-financial areas. Audit committees will be most effective when they are staffed by individuals who are prepared to support, challenge, and warn the board of governors of any relevant risks or events.

TERMS OF OFFICE

Terms of office of the members shall be contiguous with their membership of the Board however the membership of committees is reviewed by the Search, Governance, and Remuneration Committee and members may be asked to move to another committee should this serve the Board more appropriately.

APPOINTMENT OF COMMITTEE CHAIR

Appointment of the Chair is by the Corporation for a period of four years

1. If the Chair is 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.

2.Terms of office for the Chair will reflect their Terms of Office as a Governor, unless stipulated otherwise or they resign from the role.

3. A vacancy which arises during the period of office of the Committee will be filled by the co-option of an independent member of the Corporation by the Chair of the Search and Governance Committee.

QUORUM

Quorum will be 40% of the members to include co-opted members. At least two of whom must be independent members.

CLERKING

All meetings will be clerked by the Director of Governance. In their absence, the Committee will appoint a Clerk.

FREQUENCY OF MEETINGS

Meetings will take place at least three times per academic year.

ATTENDANCE AT MEETINGS

The Chief Operating Officer shall attend and speak at meeting of the Committee (they will have no voting rights).

Other Corporation members shall have the right of attendance and where approved by the Committee participation, but not to vote

Senior managers shall attend and speak at meeting of the Committee where business relevant to them is being discussed or where their attendance has been requested by the Committee (they will have no voting rights).

The Committee may invite the Corporation's advisers or other third parties to attend meetings of the Committee where business relevant to them is being discussed or where their attendance has been requested by the Committee (they will have no voting rights).

MINUTES

The draft minutes of each meetings shall be approved by the Committee chair and presented as such to the Corporation for recommendations and information.

REPORTING PROCEDURES

The Chair of the Committee shall offer particular highlights if pertinentof the Committee's agenda at the subsequent Board meeting and the minutes of the meeting will be circulated to the Board.

PURPOSE OF COMMITTEE

- assess and provide the Board with an opinion on the adequacy and effectiveness of the Board's assurance arrangements and framework of governance. This may include the board assurance framework, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.
- 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.
- advise the Board on the appointment, reappointment, dismissal and remuneration of the external auditor, reporting accountant, internal Audit and Risk(internal auditor and any other independent provider of assurance) and other assurance providers (as applicable) and establish that all such assurance providers adhere to relevant professional standards.

- inform the Board of any additional services provided by the external auditor, reporting accountant, internal Audit and Risk(as applicable) and other assurance providers (as applicable) and explain how independence and objectivity are safeguarded.
- review and consider the reports of the external auditor, reporting accountant, internal Audit and Risk(as applicable) and other assurance providers (as applicable), and monitor the implementation of recommendations to agreed timescales.
- oversee the Board'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
    - investigation outcomes are reported to the Audit and Risk committee
    - the external auditor (and internal auditor if applicable) is informed of investigation outcomes and other matters of fraud, irregularity and impropriety, and that appropriate follow-up action has been planned/actioned
    - all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, cybercrime, major weakness or breakdown in the accounting or other control framework are reported to DfE and other relevant funding authorities, as soon as possible. In such circumstances, the Board will also be informed immediately that a report has been made to the DfE or other relevant authority. Please report any actual or suspected cases of significant fraud, including cybercrime, to DfE via the 'allegations' mailbox at allegations.mailbox@education.gov.uk.
    - risks around fraud have been identified and controls put in place to mitigate them.

- 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
    - the number of the meetings held in the year, and attendance records for each Audit and Risk committee member
    - 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 Risk and assurance providers
    - details of the date of appointment of the external auditors and the remaining term of the contract
    - the Committee's view of its own effectiveness and how it has fulfilled its terms of reference

- the Committee's opinion on the adequacy and effectiveness of the Board's assurance arrangements, assurance over subcontracting, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets

The annual report to the Board must be submitted to the Board before the statement of corporate governance and internal control in the annual accounts is signed.

Further requirements on the Audit and Risk Committee

Audit committees should take a holistic view with all aspects and systems, financial and non-financial, being in scope depending on their impact and effect on the Board. In addition to the mandatory responsibilities of an Audit and Risk committee outlined above, as best practice Audit and Risk committees may also oversee additional matters such as data breaches, GDPR issues and health and safety incidents.

The Audit and Risk committee should meet at least three times a year. Where three meetings are not held, an explanation (such as when it was not possible to achieve a quorum) must be provided within the Audit and Risk committee's annual report.

The Board does not routinely need to notify DfE of a change in auditor at the expiry of their agreed term in office. However, the Audit and Risk committee must notify DfE immediately of the resignation of external auditor's mid-term, or in the rare circumstance where the Board removes the external auditors, before the expiry of their term of office. Where auditors have resigned, other than at the end of their agreed term, the Audit and Risk committee must copy to DfE an explanation from the auditors. Where the Board elects to remove the auditors, the Audit and Risk committee must notify DfE of these reasons.

The Audit and Risk committee must ensure that there is a policy for regular retendering of the external Audit and Risk service. The Audit and Risk committee should consider the quality of the Audit and Risk service required as well as the price. Corporations should ensure that the external Audit and Risk contract is put out to tender at least every five years, though for the avoidance of doubt this does not necessarily require a different firm of auditors to be appointed.

Although Boards are not required to commission internal auditors, having an internal Audit and Risk service, which may be supplemented by specialists in particular areas, is likely to assist Audit and Risk committees in ensuring they have effectively discharged the requirements placed on them

Approved: Full Board 26 June 2026