AUDIT & RISK COMMITTEE TERMS OF REFERENCE

1.0 PURPOSE

1.1 The Audit & Risk Committee will provide a medium of communication from the College's auditors that are not controlled by college management. In particular the Committee will ensure that the internal control systems, including audit activities, of the College are monitored actively, independently and objectively, in order to:

(a) promote and ensure high standards of propriety, accountability and financial management within the College;

(b) improve the quality of financial reporting by reviewing internal and external financial statements on behalf of the Governing Body;

(c) promote a financial climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement or fraud;

(d) improve, where necessary, the effectiveness of the College's internal controls and mechanisms for achieving value for money and the extent to which these comply with requirements set down by the Department for the Economy;

(e) reinforce the independence and effectiveness of the internal audit function and underpin the objectivity and independence of the external auditors;

(f) advise on the reliability of the College's information systems;

(g) ensure that effective risk management processes are embedded within the College;

(h) provide a sounding board for college management on issues of concern in relation to the College's internal control systems; and

(i) contribute to the maintenance or increase of public confidence in the quality of the College's corporate governance and management.

2.0 MEMBERSHIP AND CHAIRMANSHIP

2.1 The Committee and its Chair shall be appointed by the Governing Body from among its own members and will consist of members with no executive responsibility for the management of the College or with significant interests in the College.

2.2 Membership of the Committee shall comprise at least four members of the Governing Body. The Chair of the Governing Body, or the Chief Executive, shall not be a member of the Committee.

2.3 At least one member shall have recent and relevant financial experience sufficient to allow them to competently analyse the financial statements and understand good financial management disciplines.

2.4 No member of the Committee may also be a member of the Finance and General Purposes Committee.

2.5 The Chair of the Committee, who shall not be a staff or student member, shall be appointed by the Governing Body, shall normally serve for a term of two years and shall be eligible for re-election thereafter.

2.6 In the absence of the Committee Chair at a meeting, the Committee shall elect another member of the Committee, other than a staff member or student member, to chair the meeting.

3.0 QUORUM

3.1 The quorum for the Committee shall be three members.

4.0 ATTENDANCE AT MEETINGS

4.1 The Chief Executive, members of the management team designated by the Chief Executive, a representative of the internal auditors, and a representative of the external auditors shall normally attend all meetings of the Committee.

4.2 A representative from the Department for the Economy shall be entitled to attend all Audit & Risk Committee meetings.

4.3 The Committee may ask other college officials or third parties to attend to assist with its discussions on any particular matter.

4.4 The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

4.5 Any person in attendance at a meeting shall not be entitled to vote on any matter under consideration by the Committee.

4.6 The Committee will meet with the external and internal auditors prior to every meeting without any officers present.

4.7 The Secretary to the Governing Body shall act as Secretary to the Committee.

5.0 FREQUENCY OF MEETINGS

5.1 The Committee will meet at least four times per year.

5.2 The Committee Chair may convene additional meetings, as deemed necessary.

5.3 The Accounting Officer or Governing Body may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

6.0 INFORMATION REQUIREMENTS

6.1 The Committee shall agree a Programme of Business each year defining the reports / information to be provided to the Committee at each meeting. Additional reports / information may be

provided on request or as required.

7.0 PROCEEDINGS

7.1 Proceedings shall be carried out in line with the Articles of Government and Standing Orders for South West College.

8.0 AUTHORITY

8.1 The Committee is authorised by the Governing Body to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.

8.2 The Audit & Risk Committee will review the audit aspects of the draft Annual Report & Financial Statements. These aspects will include the Comptroller and Auditor General's opinion, the statement of members' responsibilities, the statement of internal control and any other relevant issue raised in the NIAO's Report to Those Charged with Governance. The Committee should, where appropriate, confirm with the internal auditors and the NIAO that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Governing Body.

9.0 RIGHTS

9.1 With the approval of the Governing Body, the Committee may draft in an advisor or co-opt additional members for a period not exceeding one year to provide specialist skills, knowledge and experience if required. Any individual recruited for this purpose would not have the status of a member appointed to the Governing Body (no voting rights).

9.2 With the approval of the Governing Body, and in line with procurement guidelines, the Committee may procure specialist advice if required at the expense of the College.

10.0 DUTIES AND RESPONSIBILITIES

10.1 To advise the Accounting Officer and Governing Body on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts, and the annual report of the College, including the process for review of the accounts prior to submission for audit, levels of error or misstatement identified, and management's letter of representation to the NIAO;
- the planned activity and results of both Internal and External Audit;
- adequacy of management response to issues identified by audit activity, including the NIAO's Report to Those Charged with Governance;
- assurances relating to the management of risk and corporate governance requirements for the college organisation;

- (where appropriate) proposals for tendering for Internal Audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

10.2 To review the processes for ensuring the effectiveness of the financial and other internal control systems.

10.3 To discuss with the NIAO, before the audit of the Annual Report & Financial Statements begins, the nature and scope of the audit.

10.4 To discuss with the NIAO problems and reservations arising from the interim and final audits, including a review of the Report to Those Charged with Governance incorporating management responses, and any other matters the NIAO may wish to discuss (in the absence of management where necessary).

10.5 To consider the College's annual financial statements (after review by the Finance and General Purposes Committee) prior to submission to the Governing Body, focusing particularly on any changes in accounting policy, major judgemental areas, significant audit adjustments, the going concern assumption and compliance with accounting standards and the Accounts Direction.

10.6 To advise the Governing Body on the process for the procurement of the internal audit service.

10.7 To review the internal audit needs assessment and audit plan, internal audit review findings and recommendations, management responses, progress on implementation of review recommendations, and the internal audit annual report.

10.8 To ensure that effective risk management processes are in place and to regularly review the College's Corporate Risk Register.

10.9 To ensure that the College has efficient and effective procedures in place so as to ensure that statistical returns are accurate, timely and prepared in accordance with agreed procedures.

10.10 To ensure that the College has systems and procedures to promote economy, efficiency and effectiveness which may require identifying specific value for money studies.

10.11 To review relevant reports from the Department for the Economy, NIAO, and other organisations.

10.12 To keep under review the effectiveness of the risk management, control and governance arrangements, and in particular to review the NIAO's Report to Those Charged with Governance, the internal auditor's annual report, and management responses.

10.13 To monitor and report on the implementation of agreed audit-based recommendations, from whatever source.

10.14 To ensure that all significant losses and instances of fraud or theft have been properly investigated and that the internal auditors, the NIAO and the Department for the Economy have been notified.

10.15 To monitor progress against data matching reports received under the National Fraud Initiative and to receive copies of all associated returns.

10.16 To review the College's annual Complaints & Compliments Report.

10.17 To periodically review those College policies which come under the remit of the Audit & Risk Committee, including those covering anti-fraud arrangements, raising a concern processes and arrangements for special investigations, and to forward these to the Governing Body for approval.

10.18 To advise the Governing Body on the provision of any non-audit services provided by any professional body approved by the Department for the Economy.

10.19 To periodically review the Committee's effectiveness and report the results of that review to the Governing Body.

11.0 REPORTING PROCEDURES

11.1 The Committee will circulate the minutes of its meetings to the Governing Body and to the Department for the Economy.

11.2 The Chair of the Committee will give a verbal report to the Governing Body in support of the minutes. If the Chair of the Committee is absent from a Governing Body meeting, he / she shall nominate a member of the Committee to deliver the verbal report of the committee meeting to the Governing Body.

11.3 The Department for the Economy will be advised in advance of the time, date and location of all meetings and provided with an agenda of all items for discussion.

11.4 The Committee will produce and submit an annual report to the Governing Body and the Department for the Economy by the deadline set out in the annual timetable of returns.

12.0 ACCESS

12.1 The Internal Audit and NIAO representatives will have free and confidential access to the Chair of the Committee.

Adopted by the Governing Body on:

04 November 2026