

TERMS OF REFERENCE (TOR) FOR THE AUDIT COMMITTEE (AC)

1. Introduction

The authority for these TORs is contained in the

- a. Instruments and Articles of Government as approved by the Corporation;
- b. The Articles of Association (AoA) as approved by the University College Peterborough (UCP) Council;
- c. the UK Corporate Governance Code 2018 insofar as it is applicable to the Higher Education sector;
- d. Post 16 Audit Code of Practice (ACOP)(current version);
- e. OfS Accounts Direction Requirements;
- f. the Public Interest Governance principles [Conditions of registration - Office for Students](#); and
- g. Corporation Policies.

Amendment of these TORs remains with the IEG Corporation/UCP Council. The IEG Corporation/UCP Council are required by statute to establish an AC to review, monitor and advise on the Group/UCP financial health, control and the use of resources. Full details of their delegated powers is at Para 3; these do not remove the ultimate responsibility of the IEG Corporation/UCP Council for decisions taken on their behalf.

2. Authority and Responsibilities

In order to exercise its role, the Audit Committee:

- a. has the authority to investigate any activity within its terms of reference;
- b. has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit;
- c. may obtain external professional advice
- d. should include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the committee should have recent, relevant experience in risk management, finance and audit and assurance; appropriate training will be given, as appropriate, to ensure the skills and knowledge of members are kept up to date; and
- e. must not adopt an executive role.

The Committee has responsibility/delegated authority to review and approve strategies, policies and procedures outlined in the Scheme of Delegation.

3. Duties

To meet these specific issues the Committee is to:

- a. assess and provide the IEG Corporation/UCP Council with an opinion on the adequacy and effectiveness of the Group's audit arrangements, framework of governance, risk management and control, and processes for the effective and

efficient use of resources, the solvency of the institution and the safeguarding of its assets;

- b. advise the IEG Corporation/UCP Council on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors (IAS) and establish that all such assurance providers adhere to relevant professional standards;
- c. ensure effective coordination between the IAS, the funding auditor and the financial statements auditor;
- d. consider and advise the IEG Corporation/UCP Council on:
 - (i) the audit strategy for the financial statements auditor and the regularity auditor; and
 - (ii) the audit strategy and annual internal audit plans for the IAS.
- e. inform the IEG Corporation/UCP Council of any additional services provided by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded;
- f. advise the IEG Corporation/UCP Council 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 the funding auditor and management's responses to these;
- g. monitor, within agreed timescales, the implementation of recommendations arising from the management letters and reports of the financial statements and regularity auditor, and of any reports submitted by other providers of audit and assurance services to the Group;
- h. consider and advise the IEG Corporation/UCP Council on relevant reports by the National Audit Office (NAO) and the funding agencies, and where appropriate, management's response to these;
- i. oversee the Group's policies on fraud, irregularity, impropriety and whistleblowing, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud, irregularity and impropriety; that investigation outcomes are reported to the AC; that the external auditors (and IAS where appointed) have been informed, and that appropriate follow-up action has been planned/actioned, and that all significant cases of fraud or suspected fraud, irregularity or impropriety are reported to the chief executive of the appropriate funding body;

(Significant fraud is usually where 1 or more of the following factors are involved;

- (i) there is likely to be great public interest because of the nature of the fraud or the people involved;*
 - (ii) the sums of money are more than £10,000 or specifically, and only, in relation to the 16-19 Bursary Fund a lower limit of £5,000 applies here; or*
 - (iii) the particulars of the fraud are novel or complex)*
- j. produce an annual report for the IEG Corporation and for the UCP Council. The annual report must summarise 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, and any significant matters of internal control included in the management letters and reports from auditors or other assurance providers. It must include the committee's view of its own effectiveness and how it has fulfilled its terms of reference. The report must include the AC's opinion on the adequacy and effectiveness of the Group's audit arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency, and effectiveness. The annual report must be submitted to the IEG Corporation/UCP Council before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy of the AC's annual report must be submitted to the relevant funding bodies with the annual accounts; and

- k. recommend the Statement of Corporate Governance and Internal Control to the IEG Corporation/UCP Council for approval.

4. **Relationship with the Corporation**

The IEG Corporation/UCP Council expects the AC to complete and/or advise on audit associated matters as detailed in the ACOP. The AC is to advise the IEG Corporation/UCP Council on the adequacy and effectiveness of the Group's systems of internal control and its arrangements for risk management, control and governance.

5. **Relationship with the Chief Executive Officer's (CEO) (Accounting Officers)**

It remains the IEG CEO's responsibility to ensure the satisfactory operation of day-to-day control framework for IEG and it remains the UCP Accountable Officer's responsibility to ensure the satisfactory operation of day-to-day control framework for UCP. However, the internal and external auditors, together with the AC, contribute to this by provision of advice and assurance.

6. **Meetings**

- a. IAS. Each Committee meeting may be preceded by a private session between the Internal and External Auditors (If attending the meeting proper) and the Committee members.

- b. Frequency.

The Committee shall meet as required but normally not less than once a term unless the Chair in consultation with the Governance Director (GD) agrees that there is insufficient business; the GD will record such action.

- c. Special Meetings

The GD when instructed only by the Chair, or in absentia, by the acting Chair, shall call special meetings of the Committee. At such meetings, the agenda shall normally be limited to consideration of a single or related item. Standing items shall not be included in the agenda.

7. **Chair, Membership and Quorum**

- a. Chair

The Chair of the AC shall be appointed by the Corporation. If the Chair is absent from a Committee meeting then the meeting shall nominate a Chair for that meeting.

- b. Membership

Membership of the Committee must comprise at least 5 and not more than 10 members, a majority of whom must be governors, but must not include the Chair of the Corporation, members of the Finance & Resources Committee or

the Chief Executive Officer. 3 members of the Committee must be UCP Council members. The AC must ensure that it maintains its independence when considering the appointment of members.

The Committee shall therefore comprise:

- (i) up to 5 IEG Corporation Members nominated by the IEG Corporation and confirmed for the year ahead at the July meeting of the IEG Corporation Board.
- (ii) 3 UCP Council members nominated by the UCP Council and confirmed for the year ahead at the June meeting of the UCP Council;
- (ii) up to 2 lay members, if possible, recommended and approved by the Corporation. Any such appointees will serve for a one year term of office which is renewable by the Board of Governors on the recommendation of the Search and Governance Committee.

In attendance:

- (iii) the Chief Financial Officer (CFO) (or a representative);
- (iv) the Chief Operating Officer (COO) (or a representative);
- (v) the Chief Curriculum Office (CCO) (or a representative);
- (vi) the UCP Accountable Officer; and
- (vi) the Governance Director (GD) who will be the Clerk to the Committee.

By open invitation

- (vii) the Chief Executive Officer (CEO); and
- (viii) representatives of the appointed Internal and External Auditors, nominated by the firms concerned.

c. Exclusions

In accordance with the Post-16 Audit Code of Practice and the UK Corporate Governance Code 2018, no person having any interest, or perceived interest, in the College (or its advisers or suppliers) or who holds executive, management, financial or budgetary responsibilities within the College may serve on the Committee.

d. Quorum

The Committee shall be quorate with 4 members (at least 2 must be Corporation members and 2 UCP members). If the number of members assembled for a meeting of the Committee does not constitute a quorum the meeting shall be terminated forthwith.

8. **Decision Making**

- a. Decisions to be made at meetings of the Committee shall be determined by a majority of the votes of members present and voting. Where there is an equal division of votes, the Chair of the Committee shall have a second or casting vote.
- b. All persons 'in attendance' shall have no voting rights.

9. **Agendas for Meetings**

The agenda shall be agreed between the Group CFO, the Chair of the Committee and the GD.

10. **Risk Management**

Relevant entries on the Corporation Risk Register shall be considered at each Committee meeting.

11. **Reporting to the Corporation Board/UCP Council**

- a. The minutes of the meeting will be provided to members of the IEG Corporation Board/UCP Council for information.
- b. Any recommendations made by the Committee will appear as separate items on the agenda for the next ordinary meeting of the IEG Corporation Board/UCP Council.
- c. The Committee will present an annual report on its work to the IEG Corporation/UCP Council.

Approval Date: 26th March 2025