Bradford College

Audit Committee Terms of Reference

It is a condition of funding and of the Framework and guide for external auditors and reporting accountants of colleges, that the Corporation has an Audit Committee. These Terms of Reference comply with the Framework and guide for external auditors and reporting accountants of colleges. They must be read in conjunction with the Instrument and Articles of Government, the Corporation's Standing Orders and the College's Financial Regulations from time to time. They may only be varied by the Corporation.

1 Membership and Operation

1.1 The Audit Committee ("the Committee") must comprise at least three members. A majority must be Governors. The Corporation has a responsibility, in appointing members, to maintain the Committee's independence and objectivity. In furtherance of this, the Committee must not adopt an executive role and the following people shall not be eligible to sit on it:

- those with executive responsibilities at senior level, including the Chief Executive and other senior post holders;
- members of the Finance & General Purposes Committee;
- the Chair of the Corporation; and
- any individual who has any significant interests in Bradford College or any of its constituent parts.

1.2 The Committee shall include individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively. Collectively, members of the Committee shall have recent, relevant experience in risk management, finance and assurance.

1.3 The Committee shall proactively seek development for its members and put in place appropriate training to ensure that skills and knowledge are up to date.

1.4 The Committee Chair and Vice-Chair will be selected by the Committee from among its members in accordance with the Corporation's Standing Orders.

1.5 The quorum for Committee meetings shall be 40% of the total membership entitled to attend and vote at Committee meetings or any two such members, whichever is greater.

1.6 The Governance Director to the Committee shall be the Governance Director to the Corporation (or another appropriate independent individual).

1.7 The Committee will meet at least four times per financial year and as often as the Committee's role and responsibilities require. The internal auditor, funding auditor or financial statements auditor may request a meeting of the Committee if they consider that one is necessary and the Committee will endeavour to

comply with such request.

1.8 The Committee has the right to investigate any activity within its terms of reference on its own initiative as well as in reliance on the work of the internal and external auditors. The Committee has the right to access all of the explanations it considers necessary, from whatever source, to fulfil its remit. All employees are directed to co-operate with any request made by the Committee.

1.9 The Committee is authorised by the Corporation to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the Chief Executive Officer and/or Chair of the Corporation. However, it may not incur direct expenditure in this respect in excess of £2,000 without the prior approval of the Corporation.

2 Access to Meetings

2.1 The internal auditors (where appointed) shall be entitled to attend and speak at all meetings of the Committee (but not to vote) as shall the financial statements auditor and funding auditor (where appointed) where business relevant to them is being discussed.

2.2 The Committee may invite members of the College staff, the Corporation's advisers or other third parties to attend meetings of the Committee as appropriate.

2.3 The Committee shall meet with the College's internal and external auditors, without management, to discuss relating to its remit and any issues arising from the audits. It shall also be entitled, whenever it is satisfied that it is appropriate to do so, to go into confidential session and (subject to the rules as to quoracy set out above) to exclude any, or all, participants and observers, except the Governance Director to the Committee.

3. Publication of Minutes and Papers

3.1 The Committee's minutes and supporting papers, including its agendas, will remain confidential until they are reported to the Corporation. To the extent that the Committee's minutes and papers contain information that is "Confidential Information", as defined in the *Policy on the Publication of Minutes, Papers and Agendas*, i.e., where:

- the information is a trade secret;
- confidentiality is needed to protect the personal data of an individual;
- disclosure would prejudice the commercial interests of the College or any other person; or
- the information was supplied to the College and is held under a legal duty

of confidence, where disclosure would constitute an actionable breach of confidence it will be excluded from publication until the Corporation is satisfied that the reason for dealing with it on a confidential basis no longer applies, or where it considers that the public interest in disclosure outweighs that reason.

4. The Committee shall:

4.1. Assess and provide the Corporation 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. The Committee 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 Corporation.

4.2. Advise the Corporation on whether effective arrangements are in place for the management and quality assurance of data, in particular in respect of student number and other returns submitted for funding, statistical and performance measurement purposes to funding bodies.

4.3. Advise and support the Corporation in explaining, in its annual accounts, the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities and to incorporate the compliance requirements set out in the College Financial Handbook, a condition of the College's accountability agreement, in compliance with the College Accounts Direction.

4.4 Determine (in conjunction with the Executive but the Committee shall have the final say):

- the internal audit strategy and annual internal audit plans for the internal audit service; and
- the scope of the external audit;

and advise the Corporation in respect of those.

4.5 Advise the Corporation on the scope and objectives of the work of the internal audit service, the financial statements auditor and the funding auditor (where appointed).

4.6 Determine (in conjunction with the Executive but the Committee shall have final say) relevant annual performance measures and indicators for the monitoring of the effectiveness of the internal audit service and financial statements auditor.

4.7 Advise the Corporation on the appointment, reappointment, terms of

engagement, resignation/dismissal and remuneration of the external auditor, reporting accountant and other assurance providers (if applicable) and establish that all such assurance providers adhere to the relevant professional standards of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, advising the Corporation of any concerns which are not, or cannot be, resolved to the Committee's satisfaction.

4.8 Notify the DfE immediately of the resignation of auditors in line with the requirements set out in the Framework and guide for external auditors and reporting accountants of colleges.

4.9 Approve and implement a policy for the regular retendering of the external and internal audit services in line with the requirements set out in the Framework and guide for external auditors and reporting accountants of colleges.

4.10 Approve and inform the Corporation of any additional services provided by the external auditor, reporting accountant and other assurance providers and explain how independence and objectivity were safeguarded.

4.11 Oversee the co-ordination between the internal audit service, the financial statements auditor and the funding auditor (where appointed) including whether the work of the funding auditor should be relied upon for internal audit purposes, to ensure that it is effective.

4.12 Review and consider the reports of external auditor, internal audit and other assurance providers (as applicable), and monitor, within agreed timescales, the implementation of recommendations arising from any reports of audit and assurance providers.

4.13 Hold oversight responsibilities relating to business continuity.

4.14 Oversee the Corporation's policy on fraud, irregularity, impropriety and whistleblowing and ensure:

- the proper, proportionate and independent investigation of all allegations and instances of fraud cybercrime, theft, corruption and irregularity (including bribery);
- that investigation outcomes are reported to the Committee;
- that the external auditor (and internal auditor where appointed) has been informed, and that appropriate follow-up action has been planned/actioned; and
- that all significant cases (that is exceeding £10,000 in value) of fraud or suspected fraud or irregularity are reported to the Department for Education ("DfE"), and other relevant funding authority, as soon as possible;
- risks around fraud have been identified and controls put in place to mitigate them.

4.15 Notify the Corporation of any breach of, or failure to comply with, the Financial Regulations and/or the detailed financial procedures by any member of staff that is reported to it.

4.16 Advise the Corporation on relevant reports by the National Audit Office, the DfE, other funding bodies and where appropriate, the Executive's response to these.

4.17 In the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

4.18 Advise the Corporation on any other issues or matters in respect of which the Corporation has requested the Committee's opinion.

5. Committee's Annual Report

5.1 The Committee shall produce an annual report for the Corporation, addressed to the Corporation and Chief Executive Officer, which must include:

- a summary of the work undertaken by the Committee during the financial year under review;
- the number of meetings held in the year, and attendance records for each Committee member;
- details of the date of appointment of the external auditors and the remaining term of the contract
- 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 assurance providers;
- A copy of the independent report (a requirement of the DfE) that provides assurance on the arrangements in place to manage and control subcontractors.
- the Committee's opinion on the adequacy and effectiveness of the Corporation's:

    - assurance arrangements,
    - assurance over subcontracting,
    - framework of governance,
    - risk management (to include the accuracy of the statement of internal control included with the annual statement of accounts),
    - control processes for the effective and efficient use of resources (i.e., value for money),
    - solvency of the institution and the safeguarding of its assets; and
    - an assessment by the Committee of its own effectiveness and how it has

fulfilled its Terms of Reference.

5.2 The report must be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the accounts is signed. A copy must be submitted to the relevant funding body with the annual accounts.

6. Advice to the Corporation on the Annual Financial Statements

6.1 The Committee shall:

- Review the audit and control aspects of the financial statements, including the
- external audit opinion, the statement of Governors' responsibilities, the statement of internal control, and any relevant issue raised in the external auditors' management letter.
- Consider whether the Corporation has adopted and applied appropriate accounting policies and principles;
- Consider management's critical accounting estimates and judgements;
- Review the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context;
- Review related information presented with the annual financial statements, including corporate governance statements relating to the audit and to risk management; and
- Following their consideration by the Finance & General Purposes Committee and with assurance from the External Auditors, provide a recommendation to the Corporation as to whether the annual financial statements may be approved and, if unsatisfied with any aspect of the proposed financial reporting, report its views to the Corporation.

Approved by Corporation on 15 October 2026