

### **Terms of Reference for the Audit Committee**

The Audit Committee is a Committee of the Board. It remains separate to the Finance and General Purposes Committee in accordance with the Committee of University Chairs (CUC) Higher Education Audit Committees Code of Practice.

**The quorum for a valid meeting is two Governors.**

#### **The Audit Committee's roles include:**

1. To consider the arrangements for the provision of internal and external audit services.
2. To recommend to the Board the appointment of the Internal Auditors, to approve their related fees and to commission advice on the provision of any non-audit services by the Internal Auditors.
3. To consider and approve annually the Internal Auditors' Internal Audit Plan for the forthcoming year.
4. To receive periodic and annual reports from the Internal Auditors on, inter alia, any major internal control weaknesses arising from internal audit investigations; progress in the completion of planned audits and Management's response thereon; and subsequent internal audit follow-ups.
5. To recommend to the Board the appointment of the External Auditors, to approve the annual audit fee and to commission advice on the provision of any non-audit services by the External Auditors. In line with good practice, ensure the audit retender process is scheduled at least every 10 years [next due 2030]. The retendering should be scheduled in advance in order to take account of internal and external factors including changes of key personnel such as the Chair of the Audit Committee, Chair of the Board, Senior Leadership Team members alongside the renewal cycle and notice period of the appointed auditors.
6. To consider the nature and scope of the annual audit by the External Auditors.
7. To consider the External Auditors' Management Letter on the draft Annual Financial Statements, prior to their submission to the Board, and Management's response to any significant accounting, auditing or internal control issues included within it.
8. To review the draft Annual Financial Statements and draft Annual Report. In its review, the Audit Committee will be primarily concerned with the process of drawing up the financial statements. This will include control and accounting issues, including the accounting policies, with particular interest in the following elements: the External Audit Report and Opinion; any relevant issue raised in the External Auditors' Management Letter; the Corporate Governance Statement and the Statement of Board Members' Responsibilities; disclosure of remuneration, including pensions, as set out in regulatory documents; and any other audit related matters. (Matters of primary concern to the Finance and General Purposes Committee will include accounting principles and their application, financial disclosure, and accounts adjustments, as well as financial strategy, planning, and performance.)

9. To submit minutes of each of its meetings to the Board and to approve an annual report to the Board, which will include a review of:
  - (i) the External Auditor's Management Letter
  - (ii) the Internal Auditor's Annual Report
  - (iii) The Place's risk appetite statement, management strategy and process, and its pursuit of value for money
  - (iv) any key issues considered by the Committee in the preceding year
  - (v) any significant issues arising since the year-end up to the date of preparing the Committee's Annual Report
  - (vi) the management and quality assurance of data submitted to funding bodies
  - (vii) the Committee's opinion on The Place's governance arrangements, internal control systems, the effectiveness of the risk management strategy, the arrangements for promoting economy, efficiency and effectiveness and data quality.
10. To receive and consider regular reports on The Place's progress in implementing the "schedule of audit recommendations", as provided by the External Auditors in their Management Letter.
11. To monitor the performance and effectiveness of External Audit and Internal Audit, including co-ordination between the two audit functions.
12. To consider, on advice from the Internal Auditors, whether satisfactory arrangements are in place for the adequacy and effectiveness of risk management, control and governance and to promote economy, efficiency and effectiveness (Value for Money) in The Place.
13. To consider reports from the Chief Executive and Chief Financial Officer on Office for Student reportable events and Charity Commission serious incidents, ensuring that investigations have been properly conducted; all relevant external and internal stakeholders (such as Arts Council England, University of Kent/University of the Arts London) have been informed and lessons learned are implemented.
14. To maintain an overview of concerns raised in confidence about alleged improprieties, misconduct, or wrongdoing in order to identify trends and manage risk. This includes concerns raised by 'whistle blowing' and arrangements for appropriate and independent investigation and follow-up action.
15. To monitor the strategy for implementing The Place's Risk Register on a quarterly basis alongside regular progress reports from Management on its implementation and to review annually the risk policy and appetite statement.
16. To monitor adherence to legal and regulatory requirements, together with the Finance and General Purposes Committee, including reviewing, as appropriate, any relevant reports from the National Audit Office; the Office for Students; Arts Council England; the Charity Commission for England and Wales; the Conservatoire for Dance and Drama; the University of Kent and the University of the Arts, London; or any other source.
17. To review donations annually alongside Charity Commission 'Know Your Donor' principles and to consider countries that The Place would not wish to do business with.

18. To review documentation required by other organisations with which The Place works, as appropriate.

**Approved by Board of Governors  
March 2022**