



BOARD OF GOVERNORS

TERMS OF REFERENCE
OF THE BOARD'S COMMITTEES

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Terms of Reference of the Board's Committees

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These Terms of Reference are reviewed annually.

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Reviewed and approved in 2005.

BOARD OF GOVERNORS
TERMS OF REFERENCE: AUDIT COMMITTEE

1 Introduction

The Audit Committee is a Committee of the Corporation established under the terms of clause 6 of the Articles of Government (April 2013). These Terms of Reference also comply with the Funding bodies Post 16 Audit Code of Practice and Financial Memorandum.

2 Purpose

2.1 The purpose of the Committee is to assess and provide the Board with an opinion on the **adequacy and effectiveness of the College's audit and assurance 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.**

2.2 To advise the Board of Governors on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards.

2.3 To inform the Board of Governors of any additional services provided by the financial statements, regularity and other audit and assurance providers and explain how independence and objectivity were safeguarded. To advise the Board of Governors on the scope and objectives of the work of the Internal and External Audit Services.

2.4 To ensure effective coordination between the Internal and External auditors. .

3 Constitution

3.1 The Committee shall consist of a minimum of five members appointed by the Board. The Board may appoint additional members to increase the size of the Committee. Membership of the Committee 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.

3.2 Membership may include up to two persons who are not members of the Governing Body but have been co-opted by the Board to add to the skills and expertise available to the Committee and provide an independent view (Co-opted members).

3.3 The Principal and Chair of the Board of Governors are not eligible for membership of the Committee. 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 in order to **maintain the committee's** independence and objectivity .

3.4 The Committee shall appoint a Chair from amongst its Governor members to serve for a period of two years.

3.5 The Committee shall be quorate when at least three members are in attendance, the majority of whom shall be independent (external) members. The quorum is the minimum number of

members of the Committee necessary to conduct the business of the Committee, and co-opted members will not be counted within the quorum¹.

- 3.5 The Committee shall meet at least once in each academic term. Additional meetings may be called as necessary in agreement with the Chair.
- 3.6 Decisions to be made at meetings of the Committee shall be determined by a majority of the votes of Governor Members present and voting. Where there is an equal division of votes, the Chair shall have a second or casting vote.
- 3.7 The Committee shall be served by the Director of Governance or his or her deputy.

4 Terms of Reference

- 4.1 To assess and provide the Board with an opinion on the adequacy and effectiveness of the **College's audit and assurance 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.
- 4.2 To advise the Board of Governors on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors and other assurance providers, including internal auditors, and establish that all such assurance providers adhere to relevant professional standards.
- 4.3 To inform the Corporation of any additional services provided by the external auditor, internal audit and other assurance providers and explain how independence and objectivity are safeguarded.
- 4.4 To review and consider the reports and management letters of external audit, internal audit and other assurance providers and monitor the implementation of recommendations to agreed timescales.
- 4.5 To advise the Board of Governors 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 management's responses to these.**
- 4.6 To consider and advise the Board of Governors on the internal audit strategy and annual internal audit needs assessment, securing economy, efficiency and effectiveness (value for money).
- 4.7 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and other assurance reports e.g. ESF Audit reports, EFA and SFA audit reports and H&S reports on compliance.
- 4.8 To consider and advise the Board of Governors on relevant reports by other funding bodies, **and where appropriate management's response to these.**
- 4.9 **To oversee the college's policies on fraud**, irregularity, impropriety and whistleblowing, and ensure:
 - the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity
 - that investigation outcomes are reported to the Audit Committee

¹To avoid placing members who are not Governors in a position where they may make legally binding decisions collectively with appointed members.

- that the internal and external auditors are informed of investigation outcomes and other matters of fraud, irregularity and impropriety and that appropriate follow up action has been planned / actioned
 - that all significant cases of fraud or suspected fraud, theft, bribery, corruption, irregularity, major weaknesses or breakdown in the accounting or other control framework are reported to the Chief Executive and to the relevant funding authority as soon as possible
 - That risks around fraud have been identified and controls put in place to mitigate them.
- 4.10 To produce an Annual Report for the Board of Governors and Accounting Officer, which should 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, 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. The Report should also include a summary of the work undertaken by the committee during the year,, 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, the **Audit Committee's opinion on its own effectiveness and how it has fulfilled its terms of reference, 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 of the institution and safeguarding of assets. The Annual Report should be submitted to the Corporation before the Statement of Corporate Governance and Internal Control in the Annual Accounts is signed.
- 4.11 To establish, in conjunction with College management, relevant annual performance measures and indicators for measuring the effectiveness of the external audit and the Internal Audit Service and to monitor their effectiveness through these measures and indicators, deciding, based on this review, whether a competition for price and quality of these audit services is appropriate.
- 4.12 The Committee shall meet with the external auditor and internal auditor or other assurance provider, without management present, at least annually.
- 5 Authority
- 5.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information or explanation it requires from any employee of the College and all employees of the College are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary. The Board of Governors may also require experts to be present **and to advise when drafting disclosures to be made in the Corporation's Report and Accounts.**

1 Introduction

The Governance and Search Committee is a Committee of the Board established under the terms of clause 5 of the Articles of Government [August/2013]

2 Purpose

The Committee shall be responsible for:

- 2.1 Advising the Board on the appointment and reappointment of members (other than the Principal and Chief Executive and staff or student members) to the Board, and for the appointment of **co-opted members to the Board's Committees**.
- 2.2 Advising the Board on the constitution and category of membership.
- 2.3 Monitoring the skills base of the Board of Governors to ensure it is balanced in terms of expertise and reflects the gender, ethnicity, cultural, age and disability balance of the community served by the College.
- 2.4 Advising the Board on succession planning for Board and Committee roles.
- 2.5 As a general principle, the Committee is required to adopt open and transparent procedures for its work; to ensure that the composition of the Corporation broadly reflects the communities the College serves, and its recruitment and selection processes follow best practice and reflect the principles of the Nolan Committee.

3 Constitution

- 3.1 The Committee shall consist of a minimum of three members appointed by the Board and shall include the Chair and Vice Chair(s) of the Board.
- 3.2 The Chair of the Board shall act as Chair of the Committee.
- 3.3 The Committee shall be quorate when at least two members are in attendance.
- 3.4 The Committee shall meet at least twice in each academic year. Additional meetings may be called as necessary in agreement with the Chair.
- 3.5 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 shall have a second or casting vote.
- 3.6 The Committee shall be served by the Clerk to the Board or his/her deputy.

4 Terms of Reference

- 4.1 The Committee is responsible for the following specific duties:
- 4.2 Before the expiry of the term of office of existing governors or upon a vacancy arising on the Board, to determine an appropriate recruitment and selection procedure and to recommend to the Board a person or choice of persons to fill the vacancy.

- 4.3 To consider proactively and on an on-going basis the diversity and blend of skills required on the Board and to search actively for potential new Board members.
- 4.4 In the event that it appears to the Committee that there are grounds for removing a governor, to conduct the appropriate procedure as set out in the Standing Orders of the Board and make a recommendation accordingly.
- 4.5 To advise the Board of Governors on the following matters:
- 4.5.1 The composition of the Board, including the total number of members of the Board and number of members in each category of staff and students
- 4.5.2 The blend of skills required on the Board
- 4.5.3 The procedure for the recruitment and selection of new governors
- 4.5.4 Role Descriptions for Governors, including the Chair and Vice Chair
- 4.5.5 The criteria and procedure for removal of existing governors
- 4.5.6 **Governors' terms of office and succession planning**
- 4.5.7 The Code of Conduct for Governors
- 4.5.8 Governor induction, training and development
- 4.5.9 Board and individual governor performance evaluation
- 4.5.10 **The effectiveness of the Board's decision making processes** following review on an annual basis, including external review if appropriate
- 4.5.11 The membership and Terms of Reference of Committees of the Board
- 4.5.12 Standing Orders for the Conduct of Business and any other associated governance policies/procedures.
- 4.6 In providing their advice, the Committee shall take into account the parameters set by legislation, the requirements of the Code of Good Governance for English Colleges and any guidance available from other regulatory bodies.
- 5 Authority
- 5.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the College and all employees of the College are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary. The Board of Governors may also require experts **to be present and to advise when drafting disclosures to be made in the Corporation's Report and Accounts.**

BOARD OF GOVERNORS
TERMS OF REFERENCE: REMUNERATION COMMITTEE

1 Introduction

The Remuneration Committee is a Committee of the Board established under the terms of clause 4 of the Articles of Government [August 2013].

2 Purpose

2.1 The purpose of the Committee is to advise the Board of Governors on specific remuneration packages of the Principal and other senior post holders.

2.2 The role of the Committee is specifically to:

2.2.1 ensure that senior post holders are fairly rewarded in relation to their individual contributions **to the College's overall performance; and**

2.2.2 to demonstrate to the public that the pay of senior post holders is set by a committee which has no personal interest in the outcome of its decision and which gives due regard to the interests of the public and of the financial health of the College.

3 Constitution

3.1 The membership of the Committee shall be no less than three and shall include the Chair and Vice Chair(s) of the Board. The Principal, staff governors and student governors are ineligible for membership.

3.2 The Committee shall appoint a Chair from amongst its members, to serve for a period of two years.

3.3 The Committee shall be quorate when at least two members are in attendance.

3.4 The Principal shall normally be invited to attend meetings of the Committee save where his/her remuneration is being considered. The Committee may invite other senior postholders to attend meetings when necessary.

3.5 Other Board members shall also have right of attendance save that the Committee may exclude staff and student governors.

3.6 The Clerk to the Board (or appointed deputy) shall be the Clerk to the Committee. However, the Clerk to the Board can be required to withdraw from that part of any meeting at which the **Clerk's remuneration (or any other matter relating to the Clerk within the remit of the Committee)** is to be discussed. In these circumstances, one of the Committee members will act as a temporary Clerk to minute the proceedings of the Committee or a deputy may attend.

3.7 The Committee shall meet at least once in each academic year.

3.8 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 shall have a second or casting vote.

4 Terms of Reference

4.1 The Committee shall advise the Board on the remuneration packages of the Principal and other senior postholders* and in doing so it shall consider the following component elements:

- a) Basic salary
- b) Benefits in kind
- c) Annual bonus/performance related elements
- d) Pension provisions
- e) The main terms and conditions of each senior post holders service agreement, with particular reference to the notice provisions.

4.2 The committee shall evaluate annually the specific remuneration packages of the Principal and other senior post holders against pre-established performance goals and objectives and an appropriate peer group.

4.3 The Committee shall receive an annual report from the Principal on the performance of the senior post holders. For that purpose the Committee will review and assess performance targets, goals and objectives established before the commencement of the relevant period and determine whether such goals and objectives have been achieved at the end of the relevant period.

4.4 The Committee shall advise the Board of any compensation (including the augmentation of pension benefits) which may be payable in the event of the early termination of the employment of the Principal or any other senior post holder with the broad aim of:

- a) Avoiding rewarding poor performance and
- b) Dealing fairly with cases where early termination is not due to poor performance.

4.5 **The Committee shall review on a continuing basis the Board's policy in relation to the remuneration of the Principal and other senior post holders. In particular they will consider:**

- a) **the Board's policy on the remuneration** of senior post holders, including levels, comparative groups of colleges, component elements, performance criteria and compensation commitments on early termination;
- b) full details of the main component elements in the specific remuneration packages of each senior post holder by name, such as salary, benefits in kind, performance related payments and pension entitlements;
- c) any service agreements which provide for, or imply, notice periods of more than one year (or any provisions for pre-determined **compensation on terms which exceed one year's** salary and benefits) together with an explanation of the reasons for any longer notice period.

4.6 The Committee shall periodically review and approve any changes to the job descriptions of senior post holders and the Clerk.

5 Authority

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

5.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary. The Board of Governors may also require experts to be present and to advise when **drafting disclosures to be made in the Corporation's Report and Accounts.**

5.3 The Committee is authorised to make recommendations to the Board regarding the remuneration of senior post holders.

*Senior postholder means the post of Principal and such other senior posts as the Board may from time to time determine for the purposes of the Instrument and Articles of Government