

7.2 **Audit & Risk Committee**

- 7.2.1 The *Audit & Risk Committee* is established by the *Board of Trustees*. The Committee reports to the Board of Trustees its *independent* opinions on the risk management, controls, governance, and value for money arrangements of the Art School.
- 7.2.2 None of the voting members of the *Audit & Risk Committee* may have external interests that could be considered to conflict with the interests of the Art School, such as executive responsibility or significant share-holdings in a supplier or potential supplier of the Art School.
- 7.2.3 None of the voting members of the *Audit & Risk Committee* may have executive responsibility for the management of the Art School.
- 7.2.4 The constitution of the *Audit & Risk Committee* is as follows:

Chair	Elected by the Board from amongst the Trustee members	Service on the Committee cannot extend past a maximum of six years
Trustees	Minimum of four Trustees, appointed by the <i>Board of Trustees</i> , with at least one having recent experience in finance, accountancy or auditing.	
Co-opted members <i>Voting non-Trustees</i>	Up to two, provided no more than one: <ul style="list-style-type: none"> • has previously been Trustee of either the Art School or the Property Trust • is currently a Trustee of the Property Trust 	
External advisors <i>Non-voting</i>	Up to two external advisors with particular expertise, ad hoc	
In attendance <i>ex officio</i>	Principal	
	Head of Finance as appropriate to discussion	
Clerk	Company Secretary or their designate	
Frequency	Minimum of four per year	
Quorum	Three members, to include at least two External Trustees	

- 7.2.5 Under the delegated authority of the *Board of Trustees* of the City and Guilds of London Art School Limited, the *Audit & Risk Committee's* Terms of Reference are as follows:

1. To ensure, on behalf of the Board of Trustees, that sound financial and governance controls are in place, and effectively implemented; including the endorsement of the Art School's:
 - Financial Regulations
 - Reserves Policy
 - Arrangements for risk and business continuity management
2. To prepare an annual report for the Board of Trustees which includes its opinion on the adequacy and effectiveness of the Art School's arrangements regarding:
 - Risk Management
 - Financial controls
 - Value for Money
 - The management and Quality Assurance of data
3. **External Audit:** to review the audit aspects of the draft financial statements, including:
 - External Audit opinion
 - Statement of members' responsibilities
 - Statement of internal control
 - Any relevant issues raised in the External Auditors' management letter
4. To discuss with the External Auditors the nature and scope of the Audit in advance; and subsequently any problems or reservations arising from the draft external audit report, including a review of the management letter, incorporating management responses, and any other matters that the External Auditors wish to discuss (in the absence of management where necessary), reporting relevant issues back to the Board of Trustees and advising the Board accordingly.
5. To determine the frequency of tendering for external auditing services.
6. To consider tenders for the external auditing services and make a recommendation of appointment for the Board of Trustees' consideration.
7. **Review management and internal audit:** to review on a regular basis the Art School's Risk Register to:
 - advise the Board of Trustees of any significant changes/additions
 - escalate any serious concerns to the Board
8. To commission, on the behalf on the Board of Trustees, audit reviews of anything that could potentially threaten or adversely affect the accomplishment of the aims and objectives of the Art School Limited, or which potentially could put the Art School at financial or reputational risk. Areas for audit/investigation may include:
 - any of the Art School activities
 - Finances, including reserves, investments and projections
 - The reliability of all records and information
 - Regulations, policies, and governing instruments
 - Compliance with all relevant laws, including those regarding:
 - *Equality & Diversity*
 - *Health & Safety*
 - *Safeguarding*
 - *Prevent*

NB All members of staff are required to comply with requests for information in relation to audit investigations, provided it is legal to do so.
9. To consider the appropriateness of executive action following internal audit reviews and to advise senior management on any additional or alternative steps to be taken.
10. **Site & Environment Sub Committee:** To receive and act on reports and recommendations from the Art School's Site & Environment Sub-Committee and review its effectiveness on a regular basis.