

Kaplan International Colleges UK Limited

Audit & Risk Committee

Terms of Reference

Constitution

1. Kaplan International Colleges UK Limited has established a committee known as the Audit & Risk Committee.

Membership

2. The Audit & Risk Committee's Chair shall be appointed by the Governing Board of the Company from members of the Board. The majority of members of the Audit Committee, shall not have executive responsibility for the management of the Company and/or significant interests in the Company.
3. The Chair shall be independent, without executive responsibility for the management of the Company and without any significant interest in the Company or in the Corporate Group of which the Company is a member.
4. A quorum shall be three members, and at least two members should not have executive responsibility for the management of the Company.
4. At least one member shall have recent and relevant experience in finance, accounting or auditing. The Audit Committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

Attendance at Meetings

5. The Finance Director, a representative of the Internal Auditors and a representative of the External Auditors shall normally attend meetings where business relevant to them is to be discussed. The Legal Counsel, Heads of Administrative Departments and other members of staff may also attend as appropriate. However at least once a year the Audit Committee shall have an opportunity to meet with the Internal and External Auditors without any officers present.

Frequency of Meetings

6. Meetings shall normally be held at least three times each financial year. The Internal or External Auditors may request a meeting if they consider it necessary.

Authority

7. The Audit Committee is authorised by the Board of the Company to investigate any activity within its terms of reference. It is authorised to seek any information it

requires from any employee, and all employees are directed to cooperate with any request made by the Audit Committee.

8. The Audit Committee is authorised by the Company 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 Chairman of the company's board/ governing body. However, it may not incur direct expenditure in this respect in excess of £10,000 without the prior approval of the Company.
9. The Audit Committee will review the audit aspects of the draft Annual Financial Statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the External Auditors' management letter. The Audit Committee should, where appropriate, confirm with the Internal and External Auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its Annual Report to members of the Company.

Duties

10. The duties of the Audit Committee shall be:
 - (a) To advise the Company on the appointment of the External Auditors, the audit fee, the provision of any non-audit services by the External Auditors and any questions of resignation or dismissal of the external auditors.
 - (b) To discuss with the External Auditors, before the audit begins, the nature and scope of the audit.
 - (c) To discuss with the External Auditors problems and reservations arising from the interim and final audits, including a review of the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
 - (d) To consider and advise the Company on the appointment of the Internal Auditors, the audit fee, the provision of any non-audit services by the Internal Auditors and any questions of resignation or dismissal of the Internal Auditors.
 - (e) To review the Internal Auditors' audit risk assessment and strategy; to consider major findings of Internal Audit investigations and management's response; and to promote co-ordination between the Internal and External auditors. The Audit Committee will ensure that the resources made available for Internal Audit are sufficient to meet the Company's needs (or make a recommendation to the Company as appropriate).
 - (f) To keep under review the effectiveness of the risk management, control and governance arrangements, and in particular to review the External Auditors'

management letter, the Internal Auditors' annual report, and management responses.

- (g) To monitor the implementation of agreed audit-based recommendations, from whatever source.
- (h) To ensure that all significant cases of fraud or financial impropriety have been properly investigated and that the Internal and External Auditors, and where appropriate the OfS Accounting Officer, have been informed.
- (i) To review the Company's policies on Anti-Corruption; to accord with the Criminal Finances Act 2017, Bribery Act 2010 and the Modern Slavery Act 2015. Specifically covering the Anti-Fraud Policy and Procedure and the Whistleblowing Procedure including being notified of any action taken under these policies.
- (j) To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness, and to review a Value for Money Annual Report to inform the Audit Committee's opinion in its Annual Report.
- (k) To satisfy itself that satisfactory arrangements are in place to provide assurance on the quality of the data returned to external bodies, and to receive and review the Annual Report on Data Returns.
- (l) To receive any relevant reports from the OfS and other appropriate organisations, such as HESA.
- (m) To monitor annually the performance and effectiveness of External and Internal Auditors, including any matters affecting their objectivity, and to make recommendations to the Company concerning their re-appointment where appropriate.
- (n) To consider elements of the Annual Financial Statements, following review by Director of Finance, in the presence of the External Auditors, including the Auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with the OfS's Accounts Directions.
- (o) In the event of the merger or dissolution of the company, to ensure that the necessary actions are completed, including reviewing the final set of financial statements, prior to completion and approval by the Company.
- (p) To consider any matters referred to the Audit Committee in accordance with the Company's Gift Acceptance Policy, and to receive and review the Annual Report on Gift Acceptance.
- (q) To consider and recommend to the Company the annual Letter of Representation to the External Auditors.
- (s) To ensure that due diligence processes are reviewed relating to decisions which have significant reputational or financial risks.

- (t) To integrate consideration of equality and diversity issues in all matters.
- (u) To ensure that sustainability issues are fully considered in all its activities.

Reporting Procedures

11. The minutes (or a report) of meetings of the Audit Committee will be circulated to the Governing Board of the Company.
12. The Audit Committee will prepare an annual report covering the Company's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Governing Board of the Company and the Accountable Officer, summarising the activity for the year. It will give the Audit Committee's opinion on the adequacy and effectiveness of the Company's arrangements for the following:
 - Risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts).
 - Economy, efficiency and effectiveness (value for money).
 - Data Assurance.

This opinion should be based on the information presented to the Audit Committee. The Audit Committee's Annual Report should normally be submitted to the Directors of the Company before the directors' responsibility in the Annual Financial Statements is signed.

Clerking Arrangements

13. The Clerk to the Audit Committee will normally be an appropriate independent individual.

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