

Terms of Reference for Audit & Risk Committee

Scope: To advise and assist the University Council in respect of the entire assurance and control environment of the institution.

1. Authority

The Committee is authorised by Council 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 requests made by the Committee.

The Committee is authorised by Council 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 Vice-Chancellor and/or Chair of Council. However, it may not incur direct expenditure in this respect more than £40,000 (inclusive of VAT and disbursements) without the prior approval of Council.

The Committee is authorised to approve all audit planning documents on behalf of Council. The Committee will review the audit 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 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 Council.

2. Duties

The duties of the Committee shall be to:

- a) Advise Council 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) Discuss with the external auditors, before the audit begins, the nature and scope of the audit.
- c) 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) Consider and advise Council on the appointment and terms of engagement of the internal audit service, 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) Review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management response; and promote coordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are enough to meet the institution's needs (or make a recommendation to Council as appropriate).
- f) Keep under review the effectiveness of the risk management, culture, control and governance arrangements and review the external auditors' management letter, the internal auditors' annual report and management responses.
- g) Monitor the implementation of agreed audit-based recommendations from whatever source.
- h) Ensure that all significant losses have been thoroughly investigated and that the internal and external auditors – and where appropriate the regulator – have been informed.
- i) Oversee the institution's policy on fraud and irregularity, including being notified of any action taken under such policies.

- j) Satisfy itself that suitable arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness. This may include consideration of arrangements that:
 - support the culture and behaviour that is prevalent within the institution;
 - ensure the effective management of conflicts of interest; and
 - enable the appointment of 'fit and proper persons' to Council and senior executive positions.
- k) Satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.
- l) Receive any relevant reports from the Office for Students, National Audit Office and other organisations.
- m) Monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to Council concerning their reappointment, where appropriate.
- n) Monitor other relevant sources of assurance, for example other external reviews.
- o) Consider elements of the annual financial statements 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 regulator's accounts directions.
- p) 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.

3. Constitution

All members of the Audit & Risk Committee and its Chair shall be appointed by Council and must consist of members with no executive responsibility for the management of the institution.

The Chair of Council and Chair/members of the Business Review Committee shall not be members of the Audit & Risk Committee. Members should not have significant interests in the institution.

At least one member should have recent relevant experience in finance, accounting or auditing. The Committee may, if it considers it necessary or desirable, co-opt members with relevant expertise.

Membership:

1 Deputy Pro-Chancellor (Chair);
 3 lay members appointed by Council;
 3 co-opted members with specialist expertise appointed by Council.
 Total: 7

In attendance:

Representative of internal auditors;
 Representative of external auditors;
 Secretary to Council;
 Director of Finance;
 Vice-Chancellor (or nominee).

Secretary: From the Legal, Governance & Compliance team.

Quoracy: For the transaction of business there must be three members present.

Confidential meetings:

The Committee has the right, whenever it is satisfied that this is appropriate, to go into confidential session and exclude any or all other participants and observers.

Frequency of meetings:

Meetings shall normally be held three times each financial year. The external auditors or internal auditors may request additional meetings if they consider it necessary.

Sub-committees: None.

4. Reporting Procedures

Annual Report:

The Committee will prepare an annual report covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to Council and Vice-Chancellor and will summarise the activity for the year. It will give the Committee's opinion of the adequacy and effectiveness of the institution'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); and sustainability, economy, efficiency and effectiveness. This opinion should be based on the information presented to the Committee. The Audit & Risk Committee annual report should normally be submitted to Council before the members' responsibility statement in the annual financial statements is signed. The report will usually be published after consideration by Council.

The minutes of meetings of the Committee will be made available to all members of Council.

Principal Information Needs:

Internal and external audit reports (and other relevant audit reports);

Financial Statements;

Risk management reports;

Data assurance reports;

Compliance and breach reports;

Relevant policies and procedures, including those relating to fraud, whistleblowing and bribery;

Training & information sharing documents.