TERMS OF REFERENCE

Note: The Terms of Reference for the Committee include, and should be read in conjunction with, the obligations set out in the Office for Students (OfS) Audit Code of Practice. The Terms of Reference also reflect the provisions contained within the Higher Education Audit Committee Code of Practice issued by the Committee of University Chairs in June 2020.

1. OVERVIEW

1.1 The Committee is responsible for providing advice and assistance to the Board of Governors in respect of the entire assurance and control environment of the University. This includes providing assurance to the Board of Governors on matters relating to internal and external audit, risk management, compliance and value for money.

2. DUTIES

2.1 To advise the Board of Governors 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.

2.2 To discuss with the external auditors, before the audit begins, the nature and scope of the audit.

2.3 To discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the external auditors’ report on the consolidated financial statements incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).

2.4 To consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service (and the Head of Internal Audit, if applicable), 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.

2.5 To review and approve the internal auditors’ audit risk assessment, strategy and programme; to consider major findings of internal audit investigations and management’s response; and to promote co-ordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are sufficient to meet the institution’s needs (or make a recommendation to the Board of Governors as appropriate).

2.6 To monitor and review the effectiveness of the institution’s entire risk management (including academic risk, Prevent and safeguarding matters), control and governance arrangements. This will include compliance with the legal and regulatory framework that the institution operates within.

2.7 To review the risk elements of those capital project business cases that are considered by the Strategy, Policy, Finance and Resources Committee.

2.8 To oversee the institution’s arrangements for health and safety matters, and to make recommendations thereon (as appropriate) to the Board of Governors.
2.9 To monitor the implementation of agreed audit-based recommendations, from whatever source.

2.10 To ensure that all significant losses have been investigated thoroughly and that the internal and external auditors, and where appropriate the OfS accountable officer, have been informed.

2.11 To oversee the institution’s policies on whistle-blowing, fraud, anti-bribery and other irregularities, including being notified of any action taken under these policies.

2.12 To satisfy itself that satisfactory arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness (value for money).

2.13 To satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.

2.14 To receive, consider and (where appropriate) make recommendations to the Board of Governors on any relevant reports from the National Audit Office, the OfS and other organisations.

2.15 To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the Board of Governors concerning their reappointment, where appropriate.

2.16 To monitor other relevant sources of assurance.

2.17 To review the draft annual financial statements of the University (including its subsidiaries) and the external auditors’ report and make appropriate recommendations for approval of and/or action thereon (as appropriate) to the Board of Governors.

2.18 As part of the review of the annual financial statements (at 2.17 above) to consider specific elements 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 OfS Accounts Directions.

2.19 In the event of the merger or dissolution of the institution, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

3. **REPORTING PROCEDURES**

3.1 The minutes (or a report) of meetings of the Committee will be circulated to all members of the Board of Governors.

3.2 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 the Board of Governors and the Vice-Chancellor, summarising the activity for the year. It will give the Committee’s opinion on 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 (value for money).
This opinion should be based on the information presented to the Committee. The Audit and Risk Management Committee annual report should normally be submitted to the Board of Governors before the members’ responsibility statement in the annual financial statements is signed. The report will usually be published after consideration by the Board of Governors.

4. CLERKING ARRANGEMENTS

4.1 The clerk to the Audit and Risk Management Committee shall be the clerk to the Board of Governors (or other appropriate independent individual).

5. REVIEW

5.1 The Audit Committee should periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and recommend any necessary changes to the Board of Governors.

6. MEMBERSHIP

6.1 The Committee shall be appointed by the Board of Governors from among its own members, other than staff or student Governors, and must consist of members with no executive responsibility for the management of the institution. The Committee should include a minimum of three members of the Board of Governors. The Chair of the Board of Governors shall not be a member of the Committee. Note however the provisions under section 7.4 Attendance.

6.2 Members shall not have significant interests in the institution.

6.3 The Chair and Deputy Chair shall be independent governors unless approved otherwise by the Board of Governors.

6.4 At least one member shall have recent and relevant experience in finance, accounting or auditing.

6.5 The Committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

6.6 No member of the Committee may also be a member of the Strategy, Policy, Finance and Resources Committee (or equivalent), unless specifically authorised and approved in accordance with the Committee of University Chairs Higher Education Audit Committees Code of Practice.

6.7 The quorum for meetings shall be either three, or one-third, whichever is the greater of the currently serving members, rounded up to the nearest whole number where the calculation of one-third does not produce a whole number. The quorum should include at minimum the Chair or Deputy Chair and one other independent governor.

7. ATTENDANCE AT MEETINGS

7.1. The Chief Operating Officer and Registrar, the Director of Finance, the Head of Internal Audit, and a representative of the external auditors shall normally attend meetings.

7.2. Other senior officers within the University may be requested to attend where business relevant to them is to be discussed.

7.3. The Vice-Chancellor shall normally attend one meeting of the Committee each year.
7.4. The Pro-Chancellor and Chair of the Board of Governors is permitted to attend meetings of the Committee in an observer capacity with the consent of the Committee Chair.

7.5. 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 other than the Secretary to the Committee.

8. FREQUENCY OF MEETINGS

8.1 Meetings shall normally be held four times each financial year. The external auditors or Head of Internal Audit may request a meeting if they consider it necessary.

9. AUTHORITY

9.1 The Committee is authorised by the Board of Governors 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 co-operate with any request made by the Committee.

9.2 The Committee is authorised by the Board of Governors 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 the Board of Governors. However, it may not incur direct expenditure in this respect in excess of £20,000, without the prior approval of the Board of Governors.

9.3 The Committee is authorised to approve all audit planning documents on behalf of the Board of Governors.

9.4 The Audit and Risk Management Committee will review 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 issues raised in the external auditors’ report on the consolidated financial statements. 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 the Board of Governors.

4 July 2023