



Audit Committee Terms of Reference

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TERMS OF REFERENCE AND MEMBERSHIP

Audit Committee

CHAIR: Charles Oddy

1. AUTHORITY

The Committee is authorised by the Board of Governors to undertake any activity within its terms of reference. Normally, in conjunction with the Vice-Chancellor & Chief Executive and the Chair of the Board of Governors, it is authorised to seek any reasonable and appropriate information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee. The Committee is also 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 it considers necessary, normally in consultation with the Vice-Chancellor & Chief Executive and Chair of the Board of Governors.

The Committee will operate in accordance with the 'Handbook for Members of Audit Committees in Higher Education Institutions' published by the Committee of University Chairs (CUC) in 2008; the Higher Education Code of Governance revised by the CUC in 2018; and the Audit Code of Practice outlined in the Memorandum of assurance and accountability between HEFCE and institutions, effective from 1st August 2014.

2. SPECIFIC RESPONSIBILITIES

External Audit

- 2.1 to consider and recommend to the Board of Governors matters relating to the appointment of, and terms of engagement of, the external auditors, including removal, resignation and replacement. The same firm may not provide internal audit services simultaneously.
- 2.2 To consider and recommend to the Board of Governors matters relating to the appointment of, and terms of engagement of, tax advisers as a separate service to the appointed external auditors.
- 2.3 To consider arrangements with the external auditors before the audit begins, concerning the nature and scope of the audit.
- 2.4 To provide to the Finance Committee the annual audit plan for information.
- 2.5 To consider elements of the annual financial statements of the university group including the University, its subsidiary, associate and joint venture companies in the presence of the external auditor, including the auditors' formal opinion on: whether funds (including public funds) have been applied for the intended purposes and on whether the financial statements provide a true and fair view of the financial results of the year; that the University remains a 'going concern'; the statement of members' responsibilities; consideration of the effectiveness

- of internal controls and risk management and the corporate governance statement; and to make recommendations to the Board of Governors.
- 2.6 To receive an annual HE Benchmarking – Financial Statements’ report highlighting key areas for consideration by the Institution, and to provide a better understanding of practice, process or performance and insights into how improvements might be made.
 - 2.7 To review and accept the management letter incorporating management responses including a statement of satisfaction from the auditors that management has provided all necessary evidence to confirm any possible significant adjustments to past or future public funding, and inform the Board of Governors accordingly.
 - 2.8 To discuss with the external auditors any matter appropriate to the remit of the Committee at the request of the auditors or the committee, such discussion to exclude management on an annual basis or where necessary.
 - 2.9 To receive assurance that systems used to generate financial information in a timely and accurate manner are fit for purpose, and that forecast information (including commentary) is provided in the format in which it will be submitted to the Office for Students (OfS).

Internal Audit

- 2.10 To consider and recommend to the Board of Governors matters relating to the appointment and terms of engagement of the internal auditors, including removal, resignation and replacement. The same firm may not provide external audit services.
- 2.11 To review the internal audit needs assessment and the audit plan, obtaining assurance that a risk based approach has been adopted, which considers the whole of the University’s risk management, control and governance arrangements.
- 2.12 To consider major issues arising from internal audit investigations and management’s response.
- 2.13 To ensure the periodic reviews of University policies and have oversight of the University’s policy framework on ethics, including how the University compares with other organisations in areas undergoing audit around ethical policies.
- 2.14 To receive an annual report from the Internal Auditors which relates to the financial year and includes any significant issues, up to the date of preparing the report, which affect the opinions on the adequacy and effectiveness of the University’s arrangements for: risk management, control and governance; and economy, efficiency and effectiveness (Value for Money).
- 2.15 To ensure that the resources made available to the internal audit services are sufficient to meet the Institution’s needs, making recommendations to the Board of Governors as appropriate. This includes unrestricted access to all records, assets, personnel and premises.
- 2.16 To ensure that the work of internal audit is co-ordinated and complementary to the work of the external auditors to provide maximum effectiveness to the internal control system, and to provide independent assurance about the adequacy and effectiveness of risk management, control, governance and VFM.

- 2.17 To monitor the implementation of agreed recommendations arising from internal audit reports.
- 2.18 To take note of issues of risk and concern arising from other committees, or the University's Risk Register, in the determination of audit priorities.
- 2.19 To discuss with the internal auditors any matter appropriate to the remit of the Committee at the request of the auditors or the committee, such discussion to exclude management on an annual basis or when necessary.

Internal Controls

- 2.20 To keep under review the effectiveness of the internal control and risk management systems, and in particular to review the external auditors' management letter, the internal auditors' annual report and management responses, including the unambiguous opinion of the Internal Auditors to the adequacy and effectiveness of the University's arrangements for risk management, control and governance; and economy, efficiency and effectiveness.
- 2.21 To endorse the Annual Assurance Return prior to signature and approval by the Board.
- 2.22 To receive and consider the annual corporate governance statement and public benefit report up to the date of approval of the audited financial statements, and to make recommendations to the Board of Governors, in compliance with the Charities Act 2011.
- 2.23 To endorse the Annual Quality Assurance Report prior to approval by the Board.
- 2.24 To endorse the Prevent Duty Annual Monitoring Report prior to signature and approval by the Board.
- 2.25 To monitor the implementation of agreed audit-based recommendations, and to receive reports and determine action on any failure to implement such recommendations.
- 2.26 To ensure that all attempted, suspected or actual fraud or irregularity and significant losses have been properly investigated and that the internal and external auditors, and where appropriate the relevant Accounting Officer, have been informed.
- 2.27 To oversee the Institution's policy on bribery, fraud and irregularity, including being notified of any action taken under that policy.
- 2.28 To receive reports of any significant breaches of financial regulations and any action taken in consequence.
- 2.29 To oversee the Institution's Whistleblowing Procedure and to receive an annual report on numbers and outcomes of any whistleblowing; including the extent to which the associated protocols are widely known within the Institution and to regularly review the policy.
- 2.30 To receive annual reports through which to ensure that student complaints are effectively addressed and that the welfare and wellbeing of students are secured.
- 2.31 To receive an annual report through which to ensure the University has had due regard to the Charity Commission's public benefit guidance and on how the University has delivered the public benefit.

Monitoring

- 2.32 To monitor the Audit Committee's effectiveness by way of an annual review, including benchmarking against good practice for audit committees in Higher Education and more widely as appropriate.
- 2.33 To monitor the Board's four yearly governance effectiveness review action plan until completed.
- 2.34 To monitor annually the performance and effectiveness of external and internal audit to ensure it is of a sufficiently high standard and represents value for money, and to make recommendations to the Board of Governors as appropriate.
- 2.35 To receive any relevant reports from the National Audit Office, the OfS and other organisations.
- 2.36 To receive progress reports from the appropriate executive officer on the control of significant any other matters as required by the Committee.
- 2.37 To receive appropriate assurance that the University has satisfactory arrangements in place to promote economy, efficiency and effectiveness (VFM), and to receive the VFM annual report before submitting to the OfS.
- 2.38 To receive regular information regarding the management and quality assurance of data submitted to the OfS, HESA and the Student Loans Company (SLC).

Risk Management

- 2.39 To receive relevant reports on ongoing major risk assessments, key disaster recovery and business continuity programmes.
- 2.40 To monitor and review the risk management, control and governance framework and its effectiveness.
- 2.41 To receive the full Risk Register on a regular basis to assure the Board that risks are monitored through due process and recorded appropriately.
- 2.42 To oversee and endorse the Risk Management Policy for approval by the Board.

Specific Delegated Authority

- 2.43 To sign-off, on behalf of the Board of Governors, the external auditors' Management Letter.
- 2.44 To formally endorse re-appointment of the external auditors on an annual basis.
- 2.45 To agree on behalf of the Board of Governors the audit fee, the provision of any non-audit services by the external auditors and any questions relating to their engagement, including consideration of independence and objectivity in accordance with the policy for the provision of non-audit fees.
- 2.46 To agree on behalf of the Board of Governors the audit fee, the provision of any non-audit services by the internal auditors, and any questions relating to their engagement including consideration of independence and objectivity.
- 2.47 To approve the Audit Committee Annual Report, which must cover the financial year and include any significant issues up to the date of signing the report and

its consideration of the financial statements for the year, prior to submission to the Board of Governors and OfS. This shall include the Committee's unambiguous opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy efficiency and effectiveness (value for money); and management and quality assurance of data submitted to HESA, OfS, SLC and other funding bodies. It shall also include a declaration that serious incidents have been appropriately reported to the OfS.

- 2.48 To co-opt a suitable qualified and experienced accounting specialist, should the Committee and the Board deem it appropriate at any time to enhance the accounting skills of the Committee.

3. CONSTITUTION

The constitution of the Committee is detailed below:

3.1 Reporting and Membership

Reporting to:	Board of Governors
Reporting Committees:	N/A
Working Panels/Groups:	N/A
Receive minutes from:	N/A

	Job Title / Representative	Title and Name
Chair	External Independent	Charles Oddy
Secretary	Clerk to the Board	Michael Thompson
Members	External Independent	Garry Banks (Deputy Chair)
	External Independent	Gareth McIntegart
	External (Co-opted)	Graeme Robinson
Attendees	University Secretary & General Counsel	Maria Burquest
	Deputy Finance Director	Belinda McGuinness
	Appointed External Auditors	

	Appointed Internal Auditors	
Invitees	Vice-Chancellor & Chief Executive Invitees including members of the Board are permitted to attend subject to the Chair's approval	Professor Ian Campbell

3.2 Quorum

To ensure that the Audit Committee is quorate, meetings will only proceed if three external members are present.

3.3 Frequency

A minimum of four meetings per academic year.

4. STANDING ORDERS

- 4.1 Notice of Committee meetings will be left or sent to the usual place of residence of each member or to any other address a member may specify.
- 4.2 At least five clear days' notice shall be given prior to each meeting.
- 4.3 For urgent notification of a meeting, the minimum period of notice shall be one working day.
- 4.4 The notice of the meeting should specify the time, place of the meeting and the items of business to be transacted.
- 4.5 The inadvertent non-delivery of the notice of the meeting shall not affect the validity of the meeting.
- 4.6 Documents and reports to be considered at the meeting shall normally be circulated with the agenda.
- 4.7 The Committee may request other staff or external advisers to attend from time to time as required.
- 4.8 Members shall not be entitled to appoint proxies to attend or vote instead of them at meetings.
- 4.9 If any Committee member has any pecuniary, family or other personal interest, direct or indirect, in any contract or proposed contract or other matter and is present at the meeting at which the proposed contract or other matter is the subject of consideration, then the member, as soon as practicable, shall disclose that fact and shall not take part in the consideration or discussion of or vote on any question with respect to the contract or other matter. The member, if requested by the Chair, will withdraw from the meeting.
- 4.10 The Chair may designate certain items of business as confidential or "reserved business". Items which are deemed to be confidential or reserved items of business are matters relating to named members of staff or students, or

prospective members of staff or students, or to matters which the Committee having satisfied itself should be dealt with on a confidential basis.

- 4.11 During discussion of items of reserved business, the Chair may require certain Governors, the Vice-Chancellor, or members of staff to withdraw from the meeting.
- 4.12 Any minutes of items designated as “reserved business” shall be excluded from the published minutes made available to staff and students and to those Governors who withdraw from that item, except where the Chair expressly requests inclusion of a full or summary minute to be included for wider circulation.
- 4.13 The Chair shall be empowered, following consultation, to deal with matters of urgency arising outside the Committee meetings where it is not deemed advisable to await until the next scheduled meeting. Any matters of urgency dealt with under such action shall be reported to the next meeting of the Committee.
- 4.14 The minutes of Committee meetings shall be kept by the University’s Secretariat.
- 4.15 The minutes shall be available for inspection by any Committee member at any time.
- 4.16 The minutes shall be signed at the next meeting of the Committee by the Chair of the meeting.
- 4.17 Audit Committee members shall not also be members of the Finance committee unless cross-representation is considered essential and is formally approved. This is strictly forbidden for the Chair of either Committee.

5. AMENDMENTS AND REVOCATION OF TERMS OF REFERENCE

These Terms of Reference may only be amended or revoked by decision of the Board.

The Terms of Reference are reviewed on an annual basis and as part of the 4-yearly Governance Effectiveness Review, or more frequently in the light of experience or changes in governance practice.