



AUDIT COMMITTEE TERMS OF REFERENCE

November 2021

Constitution

The Board of Governors has established a Committee of the Board called the Audit Committee.

Membership

The Audit Committee and its Chair shall be appointed by the Board of Governors, from among its own members, and must consist of members with no executive responsibility for the management of the University.

There shall be no fewer than three members. The Chair of the Board of Governors should not be a member of the Committee. Members should not have significant interests in the University.

A quorum shall be 50% of the total membership plus one member. The Committee currently has five members, therefore a quorum will be three members.

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 from outside the Board of Governors with particular expertise. Members of the Committee should not also be members of the Finance Committee (or equivalent where such a committee is established by the Board of Governors).

Attendance at meetings

The Vice Chancellor, Chief Finance Officer (or equivalent), and representatives of both the internal auditors and external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the Committee should meet with the external and internal auditors without any officers present.

Where a member cannot attend a meeting, then they can submit any comments on reports to either the Clerk or Chair of the Committee in order that their comments can be raised.

Frequency of meetings

Meetings shall normally be held four times each financial year. The external auditors or internal audit engagement lead may request a meeting if they consider it necessary.

Authority

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.

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 £50,000 without the prior approval of the Board of Governors.

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 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.

The Audit Committee and its members are subject to the Standing Orders of the Board of Governors in respect of all aspects of the committee's operation.

The Audit Committee will review its Terms of Reference at least every four years. Amendment of the Terms of Reference requires approval of the Board of Governors.

Duties

The duties of the Committee shall be to:

- a. 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
- b. ensure the independence and objectivity of the external auditors
- c. discuss with the external auditors, before the audit begins, the nature and scope of the audit
- d. discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the External Audit Report, incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary)
- e. consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service (and the internal audit engagement lead 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
- f. review the internal auditors' audit risk assessment, strategy and programme and approve the annual programme of work on behalf of the Board of Governors; consider major findings of internal audit investigations and management's response; and 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)

- g. keep under review the effectiveness of the risk management, control and governance arrangements, and in particular review the external auditors' management letter, the internal auditors' annual report, and management responses
- h. monitor the implementation of agreed audit-based recommendations, from whatever source
- i. ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the funding council's accounting officer, have been informed
- j. oversee the University's policy on fraud and irregularity, including being notified of any action taken under that policy
- k. on behalf of the Board of Governors, periodically consider the University's Whistleblowing (Public Interest Disclosure) Policy, including being notified of any action taken under that policy, and as appropriate recommend revisions to the Board
- l. satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness
- m. satisfy itself as to the effectiveness of the University's arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, Student Loans Company, Office for Students and other funding or regulatory bodies
- n. receive any relevant reports from the National Audit Office (NAO) and its equivalents in Scotland, Wales and Northern Ireland, the funding councils and other organisations
- o. monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Board of Governors concerning their reappointment, where appropriate
- p. ensure that contracts for externally provided audit services are subject to competitive tender at least every five years, in accordance with and subject to procurement rules
- q. ensure outgoing external or internal auditors are able to report their work at an appropriate meeting of the Audit Committee
- r. 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 funding councils' accounts directions
- s. on behalf of the Board of Governors, scrutinise the detail of the content and format of the draft financial statements and, as appropriate, raise any queries with the Executive prior to their presentation to the Board
- t. in the event of the merger or dissolution of the University, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Reporting procedures

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

The Committee will prepare an annual report covering the University'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 Vice Chancellor, and will summarise the activity for the year. It will give the Committee's opinion of the adequacy and effectiveness of the University'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)
- the management and quality assurance of data submitted to the Higher Education Statistics Agency, Student Loans Company, Office for Students and other funding or regulatory bodies.

This opinion should be based on the information presented to the Committee. The Audit Committee annual report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed.

Review and Effectiveness

The Audit Committee will undertake a form of self-assessment of its effectiveness on an annual basis (normally at its July meetings). Every three years the Committee will consider utilising external input in assessing its effectiveness.

Clerking arrangements

The Clerk to the Board of Governors performs the role of clerk to the Audit Committee.