

# **AUDIT COMMITTEE**

## **TERMS OF REFERENCE**

### **1. Constitution**

The Governing Body has established a committee of the Governing Body known as the Audit Committee.

### **2. Membership**

- 2.1 The Committee and its Chair shall be appointed by the Governing Body from among its own members and must consist of members with no executive responsibility for the management of the University. The Chair of the Governing Body will not normally be a member of the Committee. The Chair of the Committee will normally be an independent member of the Governing Body. Members should not have significant interests in the University.
- 2.2 At least one member should have recent, relevant experience or a background in finance, accounting or auditing. The Committee may, if it considers it necessary or desirable, co-opt members with particular expertise. Members of the Committee should not also be members of the Resources Committee.

### **3. Attendance at Meetings**

The Vice-Chancellor, Deputy Vice-Chancellor, Director of Finance, Director of Strategic Planning, the head of internal audit, and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed.

### **4. Frequency of meetings**

Meetings shall normally be held at least four times each financial year. Meetings without officers present will take place with external and internal auditors at the commencement of each regular scheduled committee meeting.

### **5. Quorum**

The quorum for the committee shall be three members.

### **6. Evaluation**

The Committee will undertake regular reviews of its effectiveness.

### **7. Authority**

- 7.1 The Committee is authorised by the Governing Body 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.

- 7.2 The Committee is authorised by the Governing Body 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 accountable officer and/or Chair of the Governing Body. However, it may not incur direct expenditure in this respect in excess of £10k, without the prior approval of the Governing Body.
- 7.3 The Audit Committee will review the draft annual financial statements. The Committee should consider the external audit opinion, the statement of members' responsibilities, the corporate governance statement and any relevant issues raised in the external auditor's 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 Governing Body.

## **8. Responsibilities**

The responsibilities of the Committee shall be:

- .01 To advise the Governing Body 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.
- .02 To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.
- .03 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).
- .04 To consider and advise the Governing Body 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.
- .05 To review the internal auditors' audit risk assessment and approve the audit plan; to 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 University's needs (or make a recommendation to the Governing Body as appropriate).
- .06 To keep under review the effectiveness of internal control and governance arrangements, risk management systems and the management and quality assurance arrangements for data submitted to the Higher Education Statistics

Agency, the Student Loans Company, the Office for Students (OfS), Research England and any other bodies. In particular, to review the external auditors' management letter, the internal auditors' annual report, and management responses.

- .07 To monitor the implementation of agreed audit-based recommendations, from whatever source.
- .08 To ensure that all significant losses and serious incidents have been properly investigated and that the internal and external auditors, and where appropriate the OfS Accounting Officer, have been informed.
- .09 Approving the University's Financial Regulations and overseeing the University's policies on whistleblowing, public interest disclosures, bribery, fraud and irregularity, including being notified of any action taken under those policies.
- .10 To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
- .11 To receive any relevant reports from the National Audit Office, the OfS and other organisations.
- .12 To monitor annually the performance and effectiveness of external and internal auditors including any matters affecting their objectivity, and to make recommendations to the Governing Body concerning their reappointment where appropriate.
- .13 To consider elements of the annual financial statements in the presence of the external auditor, including the auditor's formal opinion, the statement of members' responsibilities and any corporate governance statement in accordance with the OfS accounts directions as the regulator for the sector. This responsibility should be extended to include consideration of internal control and risk management statements.
- .14 In the event of the merger or dissolution of the University, or its subsidiaries, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

## **9. Reporting procedures**

- 9.1 The minutes of meetings of the Committee will be circulated to all members of the Governing Body.
- 9.2 The Committee will prepare an annual report for the University's financial year and any significant events up to the date of preparing the report. The report will be addressed to the Governing Body and accountable officer, summarising the activity for the year. It will give the Committee's opinion on 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);
- Management and quality assurance of institutionally published data and data submitted to HESA, the Student Loans Company and to the OfS and other bodies (note that the committee is not required to verify the data – this is a management responsibility)

This opinion should be based upon the information presented to the Committee. The Audit Committee Annual Report should normally be submitted to the Governing Body before the members' responsibility statement in the annual financial statements is signed.

The report will also include consideration of:

- The external auditors' management letter;
- The internal auditors' annual report;
- Value for Money work;
- Any OfS assurance reports or other evaluations;
- Discussion of any reported serious incidents and action taken

## **10. Clerking arrangements**

The Clerk to the Audit Committee will be the Clerk to the Governing Body.