

Audit and Risk Committee

(a sub-committee of the Council)

Purpose

To provide assurance to Council on matters relating to the University's policies on whistleblowing, fraud and irregularity and 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 of data returns.

Terms of Reference

1. To advise the 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.
2. To discuss and agree with the external auditors, before the audit begins, the nature and scope of the audit.
3. To discuss with the external auditors problems and reservations arising from the interim (where relevant) and final audits, including a review of the management letter incorporating management responses, the auditor's letter of representation and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
4. To consider and advise the Council 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.
5. To review and approve the internal auditors' audit risk assessment, strategy and the audit plan; to consider major findings of internal audit investigations and management's response; and promote coordination 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 Council as appropriate).
6. To keep under review the effectiveness of the risk management, organisational culture, control and governance arrangements, and in particular to review the external auditor's management letter, the internal auditors' annual report, and management responses, bearing in mind the Council's risk appetite and any related areas of concern.

7. To satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies including the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, the Office for Students (OfS), Research England and other bodies, principally through statutory data returns.
8. To monitor the implementation of agreed audit-based recommendations from whatever source.
9. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS has been informed.
10. To satisfy itself that satisfactory arrangements are in place to ensure sustainability of the institution and to promote economy, efficiency and effectiveness (value for money). This may include consideration of arrangements that:
 - (a) support the culture and behaviour that is prevalent within the institution;
 - (b) ensure the effective management of conflicts of interest; and
 - (c) enable the appointment of 'fit and proper persons' to the governing body and senior executive positions.
11. To receive any relevant reports from the National Audit Office, OfS and other organisations.
12. To monitor other relevant sources of assurance, for example other external reviews and audits.
13. To monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Council concerning their re-appointment, where appropriate.
14. To consider elements of the annual financial statements in the presence of the external auditor, including the auditors' formal opinion, the statement of members' responsibilities, the corporate governance statement, and the internal control statement, in accordance with OfS accounts directions and all relevant SORPs.
15. In the event of a merger or dissolution of the institution, to ensure that the necessary actions are completed, including arrangements for a final set of financial statements to be completed and signed.

Procedures

The Committee shall be run in accordance with the Council's approved Standing Orders for its sub-committees, with the exception of where alternative arrangements have been stipulated within these terms of reference.

The Standing Orders set out a standardised approach to committee procedural arrangements, including membership terms, quoracy and declaring interests. All members are encouraged to read the Standing Orders available on the [Governance website](#).

As per the University's Code of Practice on Freedom of Speech and Academic Freedom, all committees considering business that could affect compliance with free speech duties, in line with their delegated authority, are expected to have due regard for any impact on the University's duties to secure and promote the importance of freedom of speech and academic freedom. Any enquiries regarding this should be directed to the Director of Strategic Planning and Governance in the first instance.

Committee Composition

The membership of the Committee shall be regulated as follows.

1. The Committee shall comprise at least three lay persons appointed by the Council from amongst its members, one of whom shall serve as the Committee Chair.
2. The Committee has the power to co-opt members with particular expertise if it considers it necessary or desirable.
3. Members must be persons with no executive responsibility for the management of the University and no significant interest in it. At least one shall have recent relevant experience in finance, accounting or auditing.
4. No Audit and Risk Committee member shall be a member of the Finance and General Purposes Committee unless specifically authorised in accordance with Office for Students (OfS) requirements.
5. The Pro-Chancellor and Chair of the Council shall not be a member of the Committee.
6. Three members of the Committee shall constitute a quorum and at least one should be a member of Council.

Procedures

1. The Vice-Chancellor, the Registrar, Secretary and Chief Operating Officer, the Chief Financial Officer, the Director of Strategic Planning and Governance, and representatives of the external auditors and the internal auditors shall normally attend meetings at which business relevant to them is to be discussed. However, at least once a year the Committee should meet separately with the external auditors and the internal auditors without any officers present. The Committee may require the attendance of any officer of the University.
2. Meetings shall normally be held four times a year. The external auditors or head of internal audit may request a meeting if they consider that one is necessary.
3. The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any officer or former employee of the University and all employees are directed to co-operate with any request made by the Committee.
4. The Committee is authorised by the 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 Chairperson of the Council. Following the Committee's decision to obtain such independent professional advice, the Director of Strategic Planning and Governance will be responsible for authorising such expenditure. However, it may not incur direct expenditure in this respect in excess of £10,000 without the prior approval of the Council.

Reporting Procedures

1. The 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 statements of corporate governance and internal financial 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. A written summary report of meetings will be circulated to all members of the Council. Full minutes will be available to Council members upon request. All relevant matters arising from meetings of Audit and Risk Committee will be reported to Council for consideration and/or approval.
3. 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 Council and the Vice-Chancellor, and will summarise 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);
 - economy, efficiency and effectiveness (value for money), and
 - the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, the OfS, Research England and other bodies.
4. This opinion should be based on the information presented to the Committee. The Audit and Risk Committee Annual Report should normally be submitted to the Council before the members' responsibility statement in the annual financial statements is signed.
5. The Committee Secretary will be the Head of Governance Services or other appropriate individual officer.