

Audit Committee

Terms of Reference

1 Scope

It is the role of the Audit Committee ("the Committee") to advise and assist the University Board in respect of the entire assurance and control environment of the institution.

2 Membership

The Committee shall comprise at least three Independent Members of the Board plus up to two Co-opted Members who are not staff or students of the University, appointed by the University Board.

Neither the Chair of the University Board nor the Chair of the Resources Committee may be members of the Audit Committee.

At least one member should have recent relevant experience in finance, accounting or auditing.

Chair

The Chair shall be one of the Independent Members of the Committee and shall be appointed by the University Board.

In attendance

The Chief Finance Officer (or equivalent) and a representative of the external and internal auditors shall normally attend meetings where business relevant to them is discussed. 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 Committee Secretary.

The Committee will, at least one a year, meet with the representatives of the external and internal auditors without any members of University management present.

The Committee may invite such other attendees as it considers necessary, depending on the nature of the business to be discussed.

The Committee may as it considers necessary or appropriate appoint individuals to advise and/or assist the Committee on a temporary basis in respect of any aspect of its role.

Quorum

The quorum shall be three members, at least two of whom shall be Independent Members of the Board.

Secretary

The University Secretary (Clerk to Board) shall act as Secretary to the Committee.

3 Authority

The Committee is authorised by the University Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee of the University, and all employees are required to cooperate with requests made by the Committee.

The Committee is authorised by the University Board to request the Secretary 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 University Board. However, it may not incur direct expenditure in this respect more than £5000 without the prior approval of the University Board.

The Committee is authorised to approve on behalf of the University Board or where appropriate recommend approval by the University Board all audit planning documents.

The Committee will review the audit of the draft Annual Financial Statements. This review 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 University Board.

4 Duties

The duties of the Committee shall be to:

- a) Oversee the selection process and advise the University Board on the appointment of the internal and external auditors and any questions of resignation or dismissal of the internal or external auditors.
- b) Manage on behalf of the Board issues relating to any proposed provision of non-audit work by the internal or 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 any problems and/or reservations arising from the interim and final audits, including a review of the annual management letter, incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- e) Review the internal auditors' risk assessment, strategy and plan, ensuring that they are appropriately aligned with the University Risk Register, and consider major findings of internal audit reports, investigations and management response.
- f) Promote coordination between the internal and external auditors.
- g) Ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the University Board as appropriate).
- h) Keep under review the effectiveness of the University's risk management, culture, control and governance arrangements, and review the external auditors' management letter, the internal auditors' annual report and management responses.
- i) Undertake an annual (or more frequent) 'deep dive' of one or two of the key risks from the University Risk Register to enable an audit of the controls that are in place.
- j) Monitor the implementation of agreed audit-based recommendations from whatever source.
- k) Ensure that all significant losses have been thoroughly investigated and that the internal and external auditors – and where appropriate the regulator – have been informed.
- l) Oversee the effectiveness of (and compliance with) the University's policies on fraud and irregularity, bribery and corruption and whistleblowing including being notified of any action taken under these policies.
- m) Satisfy itself that suitable arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness. This may include

arrangements that support the culture and behaviour that is prevalent within the institution and ensure the management of conflicts of interest.

n) Satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.

o) Receive any relevant reports from the National Audit Office, the regulator and other organisations.

p) Monitor the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the University Board concerning their reappointment, where appropriate.

q) Monitor other relevant sources of assurance, for example other external reviews.

r) Consider the draft annual financial statements in the presence of the external auditors, and make recommendations to the Board regarding their approval.

s) In the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of Financial Statements to be completed and signed.

t) Undertake such other duties as may be referred to the Committee by the Board.

5 Meetings and Decisions

The Committee shall normally meet at least three times each financial year. The Chair, Vice Chancellor, external auditors or internal auditors may request the Secretary to convene additional meetings if they consider it necessary.

Subject to the agreement of the Chair, the Committee can take decisions by written resolution provided the resolution is supported by all members of the Committee.

6 Reporting

The Minutes or a verbal or written Report of meetings of the Committee will be presented to the University Board.

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 University Board and Vice-Chancellor and will summarise the Committee's activity for the year. It will give the Committee's opinion of 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.

The opinion should be based on the information presented to the Committee. The Committee's Annual Report should normally be submitted to the University Board before the Members' Responsibility statement in the Annual Financial Statements is signed. The report will usually be published after consideration by the University Board.

7 Review

The Committee should periodically (and 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 University Board.