

TERMS OF REFERENCE OF THE AUDIT AND RISK COMMITTEE

Constitution

The Committee comprises four members, to include three members of the Board of Governors and one independent member drawn from outside the Board. The Committee has authority to co-opt additional members with particular expertise for short periods. The members must have no involvement in or responsibility for the executive management of the institution.

The Chair of the Committee is appointed by the Board of Governors and must be a member of the Board. The Chair always has direct access to the Chair of the Board of Governors and to the Vice-Chancellor & President.

In order to retain the Committee's independence, the Chair and Deputy Chair of the Board of Governors will not serve on the Committee.

At any time at least one member must have a background in finance, accounting or auditing.

No member of the Audit and Risk Committee will be a member of the Finance and Resources Committee.

Total Membership: 4

Quorum: 50%

Terms of Reference

The Board of Governors has established an Audit and Risk Committee.

In accordance with the OfS Audit Code of Practice, the Audit and Risk Committee is independent of the management of the University, and has been granted the standing and the resources to report directly to the Board of Governors on:

- The effectiveness of the internal control system in the finance and operational areas.
- The management of risk, including the reliability and integrity of financial information, the effectiveness and efficiency of operations, legal compliance, and the safeguarding of assets.
- Audit issues arising from financial and other relevant statements and reports, particularly the annual financial statements.
- Best value in the use of public funds, including good procurement practice.
- The promotion of high standards of corporate governance.

The Committee is required to alert the Board of Governors to serious deficiencies in any of these areas, which impact on the effective management of the institution and the proper use of public funds.

The Committee will operate at all times within the terms of the OfS Audit Code of Practice.

Attendance

A quorum will comprise at least two members.

The representatives of the internal and external audit services will attend all meetings. The Vice-Chancellor & President and other senior staff will be invited to attend meetings as required.

The Committee may meet in closed session with the auditors. The Chair will report any serious issues arising from such meetings to the Vice-Chancellor & President immediately after each such meeting.

The University Secretary will serve as Secretary to the Committee.

Frequency of Meetings

The Committee will meet at least four times a year and will regularly have private meetings with the internal and external auditors. The external and internal auditors may ask the Chair to convene a meeting at other times whenever they consider it to be necessary.

Authority

The Committee is empowered by the Board of Governors to conduct an investigation into any activity or reported breakdown in controls, which falls within its terms of reference. It is authorised to seek any information it requires from any member of staff. All members of staff are required to co-operate with any request made by the Committee. Failure to do so will be reported to the Vice-Chancellor & President and if necessary to the Board of Governors.

The Committee may request the Secretary to procure specialist advice to assist it in its work.

The Audit Committee will review the draft annual financial statements before they are presented to the Board of Governors. The Committee's role will be restricted to the audit issues raised by the statements, including the external audit opinion, the audit summary, the external auditors' management letter, the statement of members' responsibilities, and the statement of corporate governance. The Committee will confirm with the external and internal auditors that the effectiveness of the internal control system has been reviewed, and advise the Board of Governors accordingly.

Subject to any direction that may be given by the Board of Governors, and subject to the requirements of the Instrument and Articles, the Audit and Risk Committee shall have the following responsibilities:

1. To advise the Board of Governors on the appointment and annual performance of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any circumstances leading to resignation or dismissal of the external auditors;
2. To oversee the nature and scope of the external audit service and of each annual audit cycle;
3. To review with the external auditors any problems and reservations arising from the auditing of the University's accounts, including any such problems or reservations reported in the management letter and management's response, together with all other matters which the external auditors may wish to draw to the Committee's attention (with or without the Vice-Chancellor & President and other officers being present);
4. To recommend to the Board of Governors adoption of the annual accounts for the preceding year;
5. To advise the Board of Governors on the appointment and annual performance of the internal auditors, the audit fee, the provision of any non-audit services by the internal auditors and any circumstances leading to the resignation or dismissal of the internal auditors;
6. To consider the strategic plan and annual audit plan, and to ensure that the resources made available under the annual budget are sufficient to meet the institution's needs and are risk focussed; to consider major findings of internal audit investigations and management's response; and to promote co-ordination between the internal and the external audit services;
7. To monitor the effectiveness of internal control and risk management and governance systems in the finance and non-finance areas and the arrangements for data quality assurance;
8. To review the external auditors' management letter and the internal auditors' annual report, and to monitor the implementation of agreed management actions;
9. To keep under review the management follow-up to other audit-based recommendations from whatever source;
10. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS Accounting Officer, have been informed;
11. To receive and approve the University's policies on fraud, irregularity and public interest disclosure, including being notified of any action taken under these policies;
12. 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 consideration of arrangements that:
 - 12.1) support the culture and behaviour that is prevalent within the institution;
 - 12.2) monitor the collection of conflicts of interest information; and
 - 12.3) monitor the collection of 'fit and proper persons' information from members of the governing body and senior executive positions;

13. To receive any relevant guidance and notices from the National Audit Office, the OfS and other organisations;
14. Monitor the University's compliance with regulatory matters and sector regulatory bodies. This includes, but is not necessarily limited to:
 - 14.1 Public Interest Disclosure
 - 14.2 Anti-Bribery
 - 14.3 Data Governance [including FoI, GDPR issues, SARs]
 - 14.4 Fraud and Internal Control
 - 14.5 Compliance with OfS Conditions or Registration
 - 14.6 OfS Regulations
 - 14.7 Prevent and Freedom of Speech
 - 14.8 UKVI
 - 14.9 Other Regulatory activities
15. To submit an annual report to the Board of Governors and the Vice-Chancellor & President, summarising activity for the year. The report will include as a minimum the Committee's opinion on the extent to which the Board of Governors may rely on the internal control system and the arrangements for securing best value. If the time scale permits, the annual report will be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed. The Committee's report will be submitted to the OfS by 3 December in each year.

Reporting Procedures

The minutes will be circulated to all members of the Board of Governors.

Chair's action between meetings

The following categories of business may be conducted by the Chair of the Board of Governors, Academic Board or any of their subcommittees and panels, by chairs of boards of directors of subsidiary companies. Chairs should use reasonable endeavours to contact all other members before taking Chair's action.

The first three delegations are minuted in advance and then reported back at the next meeting of the board or committee.

The fourth to sixth delegation are requested in writing by officers between meetings, supported by background information and then reported back at the next meeting of the board or committee.

The relevant board or committee will monitor the use made of Chair's action.