AUDIT COMMITTEE

Terms of Reference

Version: 3

Responsible Officer: Holly Duglan

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1. Key Purpose

1. The Audit Committee is established by the Board of Governors. The Committee's role is to assist the Board in respect of the entire assurance and control environment of the University. In so doing, it will form an opinion and report to the Board on the University's arrangements for effective risk management, control, governance, academic assurance (including student outcomes), management and quality assurance of data, legal and regulatory compliance, and value for money. In accordance with its general duty, it will review the adequacy and effectiveness of the University's system of audit related to financial reporting, internal control and risk management. In fulfilling its functions, the Committee will adhere to the CUC Higher Education Governance Code and in particular, the CUC HE Audit Committees Code of Practice.

2. Authority and Duties

2. The Committee is authorised by the Board of Governors to investigate any activity within these terms of reference, and to seek any information that it requires from any member of staff. All staff must comply with such requests.

3. The Committee is authorised by the Board of Governors to obtain external legal or other professional advice and to secure the attendance of non-members with relevant experience or expertise if it considers this to be necessary, normally in consultation with the Vice-Chancellor or Chair of the Board. The Committee may incur expenditure of up to £20,000 per matter (up to £80,000 aggregate spend in a financial year) without the approval of the Board of Governors; any expenditure in excess of this sum requires the prior approval of the Board of Governors.

4. The Audit Committee is authorised to approve all audit planning documents on behalf of the Board of Governors and, in so doing, it should satisfy itself that appropriate audit coverage will meet all the institution's assurance needs.

5. Together with the Finance Committee, the Audit Committee will review the Annual Accounts and Financial Statements for submission to the Board of Governors for approval.

6. 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 governing body.

7. The duties of the committee shall be to:

External Audit

a. provide independent oversight of external audit.
b. advise the Board of Governors on the appointment of the external auditors, their terms of reference, 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.
c. discuss the nature and scope of the audit with the external auditors in advance of the audit.
d. discuss with the external auditors any issues arising from the interim and final audits, including a review of the management letter, incorporating management responses, together with any other matters that the external auditors wish to discuss (in the absence of management as necessary).
e. consider the external auditor's independence and request from the auditor a statement that sets out the auditor's processes used to ensure their independence and objectivity, taking into consideration relevant UK professional and regulatory requirements.

Internal Audit

f. provide independent oversight of internal audit.
g. consider and advise the Board of Governors on the appointment and terms of reference of the internal audit service, 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.
h. review the internal auditors' audit needs assessment, strategy and programme; to consider major findings of internal audit investigations and management responses and to promote coordination between the internal and external auditors.
i. advise the Board of Governors on the resources necessary for the internal audit service to meet the University's needs.
j. review the nature and scope of the internal audit process and discuss with the internal auditors any problems and reservations arising from their audit, including their audit reports and any other matters the internal auditors may wish to discuss.
k. review and assess the internal audit work plan.
l. receive periodic reports on the results of the internal auditors' work.
m. review and monitor management's responsiveness to the internal auditors' findings and recommendations.

Risk

n. monitor and keep under review the effectiveness of risk management (including academic risk), culture, internal control, regulation and governance arrangements. This includes compliance with the legal and regulatory framework within which the University operates,
o. monitor the Corporate Risk Register and report on the same to the Board

of Governors.

p. review the external auditors' management letter, the internal auditors' annual report and management responses to them.
q. monitor the implementation of all agreed audit-based recommendations, from whatever source.

Academic governance

r. satisfy itself that an effective framework is in place to manage the quality of learning and teaching and to maintain academic standards.
s. provide academic assurance to the Board of Governors by:
    i. monitoring academic risk.
    ii. reviewing governance frameworks to ensure that policies, procedures, and internal controls adequately support academic quality and compliance with regulatory requirements.
    iii. evaluating culture and behaviour to ensure that institutional culture supports academic integrity, ethical conduct, and the safeguarding of reputation.
    iv. overseeing research and ethics frameworks to ensure that research governance, ethics, and compliance mechanisms are in place.

Regulatory

t. ensure that all significant losses have been properly investigated and that the internal and external auditors and the OfS have been informed by the University's Accountable Officer.
u. ensure that satisfactory arrangements are in place, complying with any advice issued by the regulator, to promote economy, efficiency and effectiveness, including, but not limited to:
    i. support the culture and behaviour that is prevalent within the University;
    ii. ensure the effective management of conflicts of interest;
    iii. enable the appointment of fit and proper persons to the Board and Senior executive positions.
v. 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 OfS' Accounts Direction.
w. satisfy itself that effective arrangements are in place to ensure appropriate and accurate data analysis returns are made to the OfS, HESA and others, as appropriate.
x. receive any relevant reports from the National Audit Office, the OfS and other appropriate organisations.

General

y. exercise appropriate oversight of the audit of subsidiaries.
z. oversee the University's process for reviewing its policies related to ethical and other behaviours, including whistleblowing, anti-bribery.

material adverse or reportable events, fraud and irregularity, including being notified of any action taken under that policy.

aa. ensure compliance with the Financial Regulations and any associated policies and procedures.

bb. develop a policy on the provision and pre-approval of all non-audit services.

cc. recommend an Annual Value for Money Report and Annual Value for Money Statement for approval by the Board of Governors.

dd. ensure that satisfactory arrangements are in place, and regularly reviewed, for business continuity management.

ee. ensure that satisfactory arrangements are in place, and regularly reviewed, to maintain the health and safety of staff, students and others at the University.

ff. monitor the effectiveness of the University's safeguarding practice and policies.

gg. consider any causes of concern referred to it by the Board of Governors.

hh. monitor annually the performance and effectiveness of the internal and external auditors against agreed performance measures, including any matters affecting their independence and objectivity, and to make recommendations to the Board of Governors concerning their appointment and reappointment as appropriate.

ii. ensure that the process used to produce the TRAC (Transparent Approach to Costing) return complies with the TRAC requirements.

jj. periodically review (a minimum of every three years and upon any revisions to the CUC Higher Education Audit Committee Code) its own effectiveness and recommend any necessary changes to the Board of Governors.

kk. review its Terms of Reference annually for approval by the Board of Governors.

ll. in the event of the merger or dissolution of the University, ensure the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

3. Reporting

8. A summary of each of the Committee's meetings will be circulated to all members of the Board of Governors.

9. 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 the designated Accountable Officer, summarising the activity for the year. It will give the Committee's opinion on its own effectiveness and on the adequacy and effectiveness of the University's arrangements for the following:

    a. risk management, control and governance;
    b. value for money (including sustainability, economy, efficiency and effectiveness);
    c. the management and quality assurance of data; and

d. whether funds have been used for the purpose for which they were intended.

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 statement is signed.

10. Membership

10. The Committee shall have up to five (5) voting members appointed by the Board of Governors from amongst its independent members. At least one member should have recent and relevant experience in finance, accounting or auditing.

11. Neither the Chair of the Board of Governors nor the Chair of the Finance Committee may serve on the Audit Committee.

12. The Committee may, if it considers it necessary or desirable, co-opt up to two members with particular skills or expertise. Co-opted members will have the same voting rights as other members.

13. Appointments to the Audit Committee, including co-option arrangements, will be made by the Board of Governors on the recommendation of the Governance and Nominations Committee.

11. Quorum

14. A meeting will be quorate where three (3) voting members (including co-opted members, if relevant) are present. Decisions will usually be made by consensus, but in the event of a tie the Chair shall have a casting vote.

12. Frequency of Meetings and Notice

15. The Committee shall meet at least twice in each financial year. The meeting to discuss the annual audit report and financial statements will usually be a joint meeting held with the Finance Committee.

16. For a meeting to be validly called, members must be given at least seven (7) days' notice, in writing, by the Secretary.

13. Attendees and Observers

17. The Director of Finance, the Head of Internal Audit and Vice-Chancellor will usually be invited to attend meetings.

18. Other members of the executive, the Board and a representative of the external auditors shall normally attend meetings where business relevant to them is to be

discussed.

19. The Committee shall have the right, whenever it is satisfied it is appropriate to do so, to enter into private session and exclude any or all other participants and observers other than the Secretary.

14. Secretary

20. The Committee shall be supported by the University Secretary or nominee.