

<b>Audit Committee Constitution - 2019/20</b>	
<b>Reporting to</b>	Board of Governors
<b>Receives minutes from</b>	N/A
<b>Approval</b>	Reviewed by Audit Committee for information on 08 November 2019. Approved by Board of Governors 22 November 2019.
<b>Due for Review</b>	+1 year from last date of approval [planned June 2020].
<b>Sensitivity</b>	<a href="#">Open to the public</a>
<b>Log of reviews/edits</b>	<ul style="list-style-type: none"> <li>Reviewed by Audit Committee for information on 08 November 2019. Approved by Board of Governors 22 November 2019.</li> <li>Reviewed by Audit Committee on 21 June 2019, approved by the Board of Governors on 12 July 2019.</li> </ul>

## Purpose

The Audit Committee reviews and advises the Board on the adequacy and effectiveness of the University's arrangements for risk management, control and governance; economy, efficiency and effectiveness; and the management and quality assurance of data submissions to the Higher Education Statistics Agency, the Student Loans Company, the Office for Students (OfS), UKRI and other bodies.

The Audit Committee also considers and advises the Board on the provision of external and internal audit.

## Terms of Reference

The Committee will make **recommendations** to the Board of Governors on:

### **External and Internal Auditors**

1. the appointment or dismissal of the Internal and External Auditors;

### **Financial Statements and annual reporting**

2. the annual management letter of the External Auditor (reviewed in the presence of the External Auditors);
3. the annual review of the Financial Statements and Financial Regulations, and the approval of any mid-year revisions to the Financial Regulations, including:
  - a) the consideration of the external audit opinion;
  - b) the consideration of the Corporate Governance Statement, including the Board's responsibilities;
  - c) the consideration and review of any accounting policies;
  - d) an assessment of the effectiveness of internal controls;

*The role of the Audit Committee will be to consider whether the University has adopted appropriate accounting policies; made appropriate estimates and judgements; made disclosures with appropriate clarity and completeness; and set these properly in context. This is distinct from the role of the Finance, Staffing & Resources Committee in considering and recommending the Operating and Financial Review to the Board.*

### **Internal Controls**

4. an annual report on the Audit Committee's business which must include the Committee's opinion on the adequacy and effectiveness of the institution's arrangements for: risk management, control, governance; and economy, efficiency and effectiveness. The report must be considered by the Audit Committee and must also be submitted to the Vice Chancellor and OfS;
5. the Statement of Risk Appetite (appended to the Risk Management Policy, point 17);
6. any changes to the Audit Committee's terms of reference.

The Committee will **advise** the Board of Governors on:

**Reportable Events**

7. any decisions taken under the Reportable Events Procedure;

*A decision taken under the Reportable Events Procedure may be referred to the Audit Committee or the Board of Governors for review, in line with the Board of Governors' ultimate accountability for the University's registration status with the OfS.*

**External and Internal Auditors**

8. the remuneration, performance or resignation of the Internal and External Auditors;

9. any significant problem arising from the reports of:

- a) the internal auditor;
- b) the external auditor;
- c) the OfS;
- d) the National Audit Office;
- e) or any other matters which the Committee feel ought to be drawn to the attention of the Board.

## **Delegated authority and other assurance functions**

The Committee has **delegated authority** to:

### ***External and Internal Auditors***

10. monitor the performance and effectiveness of the Internal and External Auditor;
11. approve and monitor the Internal Audit Annual Plan;
12. review internal audit reports and investigations, and monitor management action plans in response;
13. discuss with the External Auditor the nature and scope of their audit and approve the External Audit Annual Plan;
14. discuss with the External Auditor the results of their audit/management letter; and approve and monitor management action plans in response;
15. monitor all non-audit work done by the firms which are the University's Internal and External Auditors;

### **Internal Controls**

16. monitor and review the effectiveness of the internal control system; framework for risk management and governance arrangements and recommend amendments, additions and deletions to the Board of Governors as necessary;
17. approve the Risk Management Policy (refer to the Statement of Risk Appetite at point 5);
18. monitor the management of key strategic risk, including academic-related strategic risk, at each meeting, as identified through the Corporate Risk and Assurance Register;
19. ensure that arrangements are in place to secure efficiency, economy, and effectiveness and value for money;
20. oversee and ensure the adequacy of the University's policies and procedures in respect of fraud and irregularity, bribery, public interest disclosure ('whistleblowing') and compliance with the PREVENT duty, including being notified of any action taken under these policies;
21. ensure that all significant losses have been properly investigated and that the Internal and External Auditors, and where appropriate the OfS, have been informed;
22. monitor and review the effectiveness of the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Quality Assurance Agency for the Higher Education, the OfS, Student Loan Company and other funding bodies;
23. monitor the University's compliance with such aspects of the University's regulatory requirements as may be delegated to the Audit Committee for its oversight, as set out in the Board's Compliance Reporting Framework, from time to time;

24. monitor the University's risk from research misconduct to ensure that there is no exposure to undue risk from misconduct;
25. receive any relevant reports from the National Audit Office, the OfS and other organisations;
26. in the event of the merger or dissolution of the institution to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
27. regularly review its terms of reference (at least annually) and its own effectiveness (on a 3-year cycle), including compliance with the Audit Code of Practice for Higher Education.

**Reportable Events**

28. monitor any decisions taken under the Reportable Events Procedure (being notified of any action taken under the procedure);

The Committee shall report clearly to the Board each instance in which it has exercised its delegated authority.

## Membership and Meetings

1. The membership of the Committee shall consist of up to five members, four of whom should be independent governors with the other being either co-opted or external to the University.
2. A quorum is 3 members, including at least two independent governors.
3. None of the members of the Audit Committee may also be members of the Finance, Staffing & Resources Committee due to a possible conflict of interest, unless the Board of Governors determines that cross-representation involving one member is essential and that this is the subject of an explicit, recorded resolution, in accordance with the OfS terms and conditions of funding for higher education institutions. Such cross-representation is not an option for the Chair of either Committee.
4. The Chair of the Board may not be a member of the Audit Committee.
5. At least one of the members will have recent and relevant experience in finance, accounting and auditing.
6. The Vice Chancellor, the Director of Finance, and the University Secretary shall normally attend meetings of the Committee. A representative of the External Auditors and Internal Auditors shall normally attend meetings. At least once a year the Committee should meet with the External and Internal Auditors without any officers present.
7. All members of the Committee shall complete entries for the register of interests.
8. Further information can be found in the [Standing Orders](#).

## Notes

1. The Committee may obtain professional or legal advice it considers necessary, following consultation with the Chair of the Board. The Committee may not however commit expenditure in excess of £25,000 in procurement of this advice without the prior approval of the Board.
2. The Committee may meet on its own to discuss any matter within its remit with the internal and/or external auditors.
3. The Committee 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.