

Audit Committee Constitution 2019/20

Terms of Reference

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

- 1 the appointment, remuneration, performance, resignation or dismissal of the internal and external auditors;
- 2 any significant problem arising from the reports of:
 - a) the internal auditor;
 - b) the external auditor;
 - c) the Office for Students (OfS);
 - d) The National Audit Office;

or any other matters which the Committee feel ought to be drawn to the attention of the Board;

- 3 the approval of the report and annual financial statements, including:
 - a) the consideration of the external audit opinion
 - b) the consideration of the statement of members' responsibilities
 - c) the consideration and review of any accounting policies
 - d) an assessment of the effectiveness of internal controls

(This is distinct from the role of the Finance, Staffing & Resources Committee in considering and recommending the Operating and Financial Review to the Board).

- 4 the annual management letter of the external auditor;
- 5 the annual review of the University's Financial Regulations and the approval of any revisions to the Financial Regulations;
- 6 policy and framework on risk management;
- 7 an annual report on the 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 Committee and must also be submitted to the Vice-Chancellor and OfS.

Delegated authority

The Committee has **delegated authority** to:

- 1 monitor the performance and effectiveness of the internal and external auditor;
- 2 approve and monitor the Internal Audit Annual Plan;
- 3 approve the Risk Management Policy;
- 4 review internal audit reports and investigations, and monitor management action plans in response;
- 5 discuss with the External Auditor the nature and scope of their audit;
- 6 discuss with the External Auditor the results of their audit/management letter; and approve and monitor management action plans in response;
- 7 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;
- 8 monitor the management of key strategic risk, including academic-related strategic risk, at each meeting, as identified through the Corporate Risk Register;
- 9 ensure that arrangements are in place to secure efficiency, economy, and effectiveness and value for money;
- 10 oversee and ensure the adequacy of the institution'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;
- 11 to ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS, have been informed;
- 12 monitor and review the effectiveness 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;
- 13 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;
- 14 monitor all non-audit work done by the firms which are the University's Internal and External Auditors;
- 15 monitor the University's risk from research misconduct;

- 16 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; and
- 17 regularly review its terms of reference and its own effectiveness, including compliance with the Audit Code of Practice for Higher Education, and recommend any changes to the governing body.

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

Membership

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.

A quorum is 3, including at least two independent governors.

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.

Last reviewed: 21 June 2019

Approved by the Board of Governors: 12 July 2019