

## **Audit Committee**

*(a standing committee of the Council)*

### Terms of reference

1. To advise the Council on the appointment of the external auditors, 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.
2. To discuss and agree with the external auditors, before the audit begins, the nature and scope of the audit.
3. To discuss with the external auditors problems and reservations arising from the interim (where relevant) and final audits, including a review of the management letter incorporating management responses, the auditor's letter of representation and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
4. To consider and advise the Council on the appointment and terms of engagement of the internal audit service (and the head of internal audit, if applicable), 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.
5. To review and approve the internal auditors' audit risk assessment, strategy and the audit plan; to consider major findings of internal audit investigations and management's response; and promote coordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the Council as appropriate).
6. To keep under review the effectiveness of the risk management, control and governance arrangements, including for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, HEFCE, the OfS, Research England and other bodies, principally through statutory data returns, and in particular to review the external auditor's management letter, the internal auditors' annual report, and management responses, bearing in mind the Council's risk appetite and any related areas of concern.
7. To monitor the implementation of agreed audit-based recommendations from whatever source.
8. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS has been informed.
9. To oversee the institution's policy on fraud and irregularity, and on Raising Concerns at Work, including being notified of any action taken under these policies.
10. To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness (value for money).
11. To receive any relevant reports from the National Audit Office, OfS and other organisations.

12. To monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Council concerning their re-appointment, where appropriate.
13. To consider elements of the annual financial statements in the presence of the external auditor, including the auditors' formal opinion, the statement of members' responsibilities, the corporate governance statement, and the internal control statement, in accordance with OfS accounts directions and all relevant SORPs.
14. In the event of a merger or dissolution of the institution, to ensure that the necessary actions are completed, including arrangements for a final set of financial statements to be completed and signed.

### Committee Composition

The membership of the Committee shall be regulated as follows.

1. The Committee shall comprise at least three lay persons appointed by the Council from amongst its members. One of such lay persons shall be appointed by the Council from among its own membership to chair the Committee.
2. The Committee has the power to co-opt members with particular expertise if it considers it necessary or desirable.
3. Members must be persons with no executive responsibility for the management of the institution and no significant interest in it. At least one shall have recent relevant experience in finance, accounting or auditing. None shall be members of the Finance and General Purposes Committee or equivalent unless specifically authorised in accordance with OfS requirements.
4. The chair of the Council shall not be a member of the Committee.
5. Three shall constitute a quorum.
6. Members shall normally serve for three years, renewable once.

### Procedures

1. The Vice-Chancellor, the Chief Administrative Officer and Secretary, the Director of Finance, the Director of Strategic Planning and Governance and representatives of the external auditors and the internal auditors shall normally attend meetings at which business relevant to them is to be discussed. However, at least once a year the Committee should meet separately with the external auditors and the internal auditors without any officers present. The Committee may require the attendance of any officer of the University.
2. Meetings shall normally be held at least three times a year. The external auditors or head of internal audit may request a meeting if they consider that one is necessary.

3. The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any officer or former employee of the University and all employees are directed to co-operate with any request made by the Committee.
4. The Committee is authorised by the Council 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 Chairperson of the Council. Following the Committee's decision to obtain such independent professional advice, the Director of Strategic Planning and Governance will be responsible for authorising such expenditure. However, it may not incur direct expenditure in this respect in excess of £10,000 without the prior approval of the Council.

### Reporting Procedures

1. The 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 statements of corporate governance and 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 Council.
2. The minutes (or a report) of meetings of the Committee will be circulated to all members of the Council. All relevant matters arising from meetings of Audit Committee will be reported to Council for consideration and/or approval.
3. 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 Council and the Vice-Chancellor, and will summarise the activity for the year. It will give the Committee's opinion on 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);
  - economy, efficiency and effectiveness (value for money), and
  - the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, HEFCE, the OfS, Research England and other bodies.
4. This opinion should be based on the information presented to the Committee. The Audit Committee Annual Report should normally be submitted to the Council before the members' responsibility statement in the annual financial statements is signed.
5. The Clerk to the Committee will be the Clerk to the Council or other appropriate individual officer.