

## AUDIT, RISK AND ASSURANCE COMMITTEE

(Committee of Council)

1. SECRETARY      Executive Officer (Governance), Governance Office

2. CONSTITUTION

The Committee will consist of at least five members, appointed by Council, subject to the following:

- (a) There must be no fewer than three members of Council, one of whom will be appointed by Council as Chair;
- (b) The Committee may recommend the appointment of other members with relevant expertise, but the number of members in (b) should not exceed the number of members in (a);
- (c) All members will have the same status;
- (d) All members must be independent and non-executive, i.e. must not be members of the academic staff or salaried officers of the University;
- (e) Members shall hold office for three years and shall be eligible for re-appointment for further periods provided that the total consecutive period of service does not exceed nine years and re-appointment beyond six years should be regarded as exceptional;
- (f) Members should bring a wide range of skills and experience to the Committee. At least one member must have recent and relevant experience in finance, accounting or auditing;
- (g) Audit, Risk and Assurance Committee members must not:
  - serve on Finance Committee;
  - have been a senior employee of the University with direct and material influence over the management (including financial management) of the University within the last five years;
  - have, or have had within the last three years a material business relationship with the University, either directly or as a partner, shareholder, director, consultant or senior employee of a body which has such a relationship with the University. If there is any doubt as to the existence or materiality of any such relationship, Nominations Committee must have this matter drawn to its attention. It will act on behalf of Council to

determine whether the specific relationship does represent a material business relationship or circumstance that is likely, or could appear, to affect the person's judgement in accordance with the CUC guide;

- have close family ties with any of the University's advisers, officers or senior employees;
- have significant links with any of the University's auditors, advisers, officers or senior employees through involvement in other bodies;

- (h) The Chair of Council shall not be a member of the Committee;
- (i) Members may have their appointment terminated by Council if their performance or conduct is deemed unsatisfactory;
- (j) A quorum shall be three members.

### 3. AUTHORITY

- (a) The Committee is authorised by Council to investigate any activity within its terms of reference. It 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.
- (b) The Committee is authorised by 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 Chair of Council. However, it may not incur direct expenditure in this respect in excess of such sum as may be determined by Council from time to time without the prior approval of Council.
- (c) 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 operating and financial review (including 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.

### 4. TERMS OF REFERENCE

- (a) To advise Council on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any question of resignation or dismissal of the external auditors.
- (b) To discuss with the external auditors, before the audit begins, the nature and scope of the audit.
- (c) To discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- (d) To consider and advise Council on the arrangements for the internal audit service, including the appointment of the head of internal audit.
- (e) To review the internal auditors' strategy and audit plan, to consider major findings of internal audit investigations and management's response and to promote co-ordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are sufficient to meet the University's needs or make a recommendation to Council as appropriate.
- (f) To review the nature and scope of the internal audit process and discuss with the internal auditor any problems and reservations arising from their audit, including their audit reports and any other matters the internal auditors may wish to discuss.
- (g) To keep under review the effectiveness of the arrangements for and assurance over risk management, internal control, governance and data assurance.
- (h) To undertake an annual assessment of all significant aspects of internal control and risk management for the purpose of making its statement in the annual report. This should take into consideration various reports from management, the external auditors' management letter and the internal audit annual report and management responses.
- (i) To monitor the implementation of agreed audit-based recommendations from whatever source.

- (j) To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the HEFCE accounting officer, have been involved.
- (k) To ensure that the University's policy on fraud and irregularity is operating effectively, including being notified of the action taken under that policy.
- (l) To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness (value for money).
- (m) To receive any relevant reports from the National Audit Office, HEFCE and other organizations.
- (n) To monitor annually the performance and effectiveness of internal audit.
- (o) To monitor annually the performance and effectiveness of the external auditors (including any matters affecting their independence, objectivity and competence) to ensure that the audit is of a sufficiently high standard and represents value for money and to make a recommendation to Council regarding the re-appointment or otherwise of the external auditors.
- (p) To consider 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, and to submit them to Council for approval.

## 5. REPORTING

- (a) The minutes (or a report) of meetings of the Committee must be submitted to Council.
- (b) The Committee must prepare for Council and the Vice-Chancellor an annual report summarizing activity during the University's financial year and any significant issues up to the date of preparing the report which will affect the opinion. It will give the Committee's opinion on the adequacy and effectiveness of the University's arrangements for the following:
  - (i) risk management, control and governance;

- (ii) economy, efficiency and effectiveness (value for money);
- (iii) management and quality assurance of data submitted to the Higher Education Statistics Agency, HEFCE and other funding bodies.

## 6. PROCEDURE

- (a) At least once a year the Committee will meet with the external and internal auditors without any officers present.
- (b) Meetings will normally be held five times a year. The external auditors or head of internal audit may request a meeting if they consider it necessary.
- (c) Minutes of Audit, Risk and Assurance Committee meetings will be copied to the Chair of Council and the Chair of Finance Committee.
- (d) Minutes of Finance Committee will be copied to the Chair of Audit, Risk and Assurance Committee.
- (e) Any member who has a pecuniary, family or other personal interest in any matter under discussion at any meeting of the Committee shall, as soon as practicable, disclose that fact to the meeting, shall not take part in any voting that arises from such discussions and shall, if requested by the Chair, withdraw from that part of the discussion.
- (f) The Committee shall have the right, whenever it is satisfied that this is appropriate, to go into confidential session and exclude any or all other participants and observers.
- (g) Internal and external auditors shall have an unrestricted right of access to the Committee.
- (h) The Chair will meet with the Head of Internal Audit before the meeting. He/she will communicate as necessary with the Executive Director of Finance and external auditors in advance of the meeting and will bring any matters of potential concern to the attention of Audit, Risk and Assurance Committee members ahead of the meeting.

Established by Council Minute 13, 06.11.89. Revised by Council Minutes 42, 19.11.90; 143, 22.04.91; 147, 04.07.94; 80, 19.02.96; 65, 12.02.01; 105, 9.6.2003; 9, 11.10.2004; 22, 12.12.2005; 38, 8.12.2008, 16, 26.10.2009; 14, 24.10.2011; 35, 28.10.2013.

Editorial amendment - in accordance with national guidelines on university governance, June 1995

Editorial amendment - in accordance with management re-structuring, July 1999. Editorial amendments October 2001, October 2003, October 2015, February 2016 (change of Committee title in accordance with a recommendation from the Audit Committee Effectiveness Review of 2016).