AUDIT, RISK AND ASSURANCE COMMITTEE

(Committee of Council)

1. **SECRETARY**

   Executive Office Team Leader, Executive and 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.
   
   (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 and the Chair of Finance Committee should 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.

4. TERMS OF REFERENCE

Relationship with External Auditors

(a) To consider and advise Council on the appointment and terms of reference of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of their resignation or dismissal.

(b) To review the nature and scope of the external audit process and discuss with the external auditors any problems and reservations arising from their audit, including
the external audit management letter and any other matters the external auditors may wish to discuss.

(c) 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.

Oversight of Internal Audit

(d) To approve the appointment of the Head of Internal Audit, and to advise Council on the arrangements for the internal audit service.

(e) To review and approve 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 monitor annually the performance and effectiveness of internal audit.

Oversight of Internal Control and Risk Management

(h) To monitor and review the effectiveness of the institution’s entire risk management, control, data assurance and governance arrangements. This will include compliance with the legal and regulatory framework that the institution operates within. This should include consideration of the culture that is prevalent within the institution and arrangements that can affect reputation, such as the management of conflicts of interest.

(i) To undertake an annual assessment of all significant aspects of internal control and risk management for the purpose of making its annual report to Council. This should take into consideration various reports from management, the external auditors’ management letter and the internal audit annual report and management responses.
(j) To monitor the implementation of agreed audit-based recommendations from whatever source.

(k) To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the Office for Students (OfS) accounting officer, have been involved.

(l) To oversee the University’s policies related to ethical and other behaviours, including whistleblowing, anti-bribery, material adverse or reportable events, fraud and irregularity etc. – including being notified of any action taken under these policies.

(m) To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness (value for money).

(n) To receive any relevant reports from the National Audit Office, OfS and other organizations.

(o) To undertake a self-assessment against the Higher Education Audit Committees Code once every three years and upon any revisions to the code.

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

Review of Integrated Annual Report

(q) To review and endorse the annual University and Group financial statements for Council approval, providing assurance that there has been a robust examination via the internal process and the external audit. Particular focus will be given to:

- compliance elements of the Integrated Annual Report, specifically those areas of content required by laws and regulations;
- the narrative reporting (in particular the Strategic Report) ensuring that it is fair and balanced; and
- the transparency and openness of reporting throughout the Integrated Annual Report.

(r) To review the supporting evidence for the use of the going concern basis of accounting and recommend for onward consideration by Council.
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 (includes the accuracy of the statement of internal control included within the Annual Integrated Report);
(ii) sustainability, economy, efficiency and effectiveness (value for money);
(iii) management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS and Funding Councils, Research England 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.
Internal and external auditors shall have an unrestricted right of access to the Committee.

The Head of Internal Audit shall report to the Chair of Audit, Risk and Assurance Committee. For day-to-day operational matters, the Head of Internal Audit shall also have a dotted reporting line to the Executive Director of Finance.

The Chair will have the opportunity to meet with the Head of Internal Audit before each meeting. The Chair 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.

The Terms of Reference will be reviewed annually by Audit, Risk and Assurance Committee and will then be submitted to Council for approval.


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), October 2018 (change of regulator from HEFCE to OfS), October 2021 (change of reporting line: Head of Internal Audit reports to Chair of Audit, Risk and Assurance Committee)

October 2022 amendments to Terms of Reference section in accordance with the CUC Code of Practice model Terms of Reference, removal of designation of 6-year and longer appointments as exceptional as recommended by Halpin Partnership, and addition of three-yearly self-assessment against Higher Education Audit Committees Code; addition of item (j) under section 6 Procedures.