

# **Audit and Risk Committee**

## **1. Constitution**

- 1.1 The Governing Body has established a Committee of the Governing Body known as the Audit and Risk Committee.

## **2. Scope**

- 2.1 It is the role of the Audit and Risk Committee to advise and assist the Governing Body in respect of the entire assurance and control environment of the institution.

## **3. Membership**

- 3.1 The Audit and Risk Committee must consist of members with no executive responsibility for the management of the institution. There shall be no fewer than three members and not more than six members, comprising:

- Up to five Governors who are not members of the Finance Committee;
- Optionally, one independent co-opted member who is not a Governor with experience relevant to the Committee's remit may be appointed from outside the University.

A quorum shall be at least three members. The Chair of the Governing Body and Chair of the Finance Committee should not be members of the Audit and Risk Committee. Members should not have significant interests in the institution.

- 3.2 At least one member should have recent relevant experience in finance, accounting or auditing.

## **4. Attendance at meetings**

- 4.1 The Chief Financial Officer, representative(s) of the internal auditors and representative(s) of the external auditors shall normally attend meetings where business relevant to them is to be discussed. Other staff may be invited to attend for specific items where their attendance can inform and support the Committee. The Committee has the right, whenever it is satisfied that this is appropriate, to go into confidential session and exclude any or all other participants and observers other than the Audit and Risk Committee Secretary.

## **5. Frequency and format of meetings**

- 5.1 Meetings shall normally be held four times each financial year. The external auditors or internal auditors may request additional meetings if they consider it necessary. Additional meetings may be called by the Chair of the Committee as required.

- 5.2 The Committee may meet in person, by virtual means or through a combination of in-person and virtual attendance. The Committee may also decide matters by email circulation. In between meetings of the Committee, the Chair of the Committee is empowered to decide matters falling within the Committee's remit by chair's action; matters decided by chair's action shall be reported to the next meeting of the Committee.

## **6. Delegated Authority**

- 6.1 The Committee is authorised by the Governing Body 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 cooperate with requests made by the Committee.
- 6.2 The Committee is authorised by the Governing Body 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 Chair of the Governing Body, within such limits of expenditure as may be specified by the Governing Body.
- 6.3 The Audit and Risk Committee is authorised by the Governing Body to approve:
- 6.3.1 The annual fees and work plans of the internal and external auditors, including any non-audit services;
  - 6.3.2 The signing of letters of engagement with the external and internal auditors;
  - 6.3.3 The accounting policies for the group financial statements;
  - 6.3.4 The filing of unaudited accounts with Companies House where permitted by the Companies Act 2006;
  - 6.3.5 The University's policies on fraud and irregularity (including bribery and money laundering) and public interest disclosure;
  - 6.3.6 Any confirmation required in relation to the University's Transparent Approach to Costing (TRAC) return.
- 6.4 The Audit and Risk Committee will review the audit of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, 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.

## 7. Other Duties

The other duties of the Committee shall be to:

- 7.1 Advise the Governing Body on the appointment of the external auditors and any questions of resignation or dismissal of the external auditors.
- 7.2 Discuss with the external auditors, before the audit begins, the nature and scope of the audit.
- 7.3 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).
- 7.4 Consider and advise the Governing Body on the appointment of the internal auditors and any questions of resignation or dismissal of the internal auditors.
- 7.5 Review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management response; and promote coordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are enough to meet the University's needs (or make a recommendation to the Governing Body as appropriate).
- 7.6 Keep under review the effectiveness of the risk management, culture, control and governance arrangements and review the external auditors' management letter, the internal auditors' reports and recommendations and management responses, and the internal auditors' annual report.
- 7.7 With respect to risk:
  - Consider the Strategic Risk Register and risk map to report to the Governing Body that the executive's assessment of key strategic risks is appropriate and in line with Governing Body's appetite for risk;
  - Report to the Governing Body that controls and plans to mitigate risks are appropriate;
  - Receive presentations on the University's significant strategic risks and their management;
  - Consider new and emerging risks and report on them to the Governing Body;
  - Review annually the University's risk management framework (Statement of Risk Appetite, Risk Management Policy and Risk Management Guidance) and recommend any changes to the Governing Body.
- 7.8 Monitor the implementation of agreed audit-based recommendations from whatever source.
- 7.9 Ensure that all significant losses have been thoroughly investigated and that

the internal and external auditors – and where appropriate the Office for Students – have been informed.

- 7.10 Oversee the University's policies on fraud and irregularity (including bribery and money laundering) and public interest disclosure, including being notified of any action taken under these policies.
- 7.11 Satisfy itself that suitable arrangements are in place to ensure the sustainability of the University and to promote economy, efficiency and effectiveness. This may include consideration of arrangements that:
- support the culture and behaviour that is prevalent within the University;
  - ensure the effective management of conflicts of interest; and
  - enable the appointment of 'fit and proper persons' to the Governing Body and senior executive positions.

With respect to culture and behaviour, the Committee shall liaise with the Nominations, Staffing and Governance (NSG) Committee to enable the Committee to derive assurance from the NSG Committee without duplicating work.

- 7.12 Satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies, including the Designated Data Body of the Office for Students (OfS condition of registration F4).
- 7.13 Receive any relevant reports from the National Audit Office and the Office for Students and other organisations.
- 7.14 Consider any matters raised by the external auditors regarding whether public grant funding (including funding from the OfS and UK Research and Innovation) has been properly applied for its specified purpose and in accordance with the relevant terms and conditions of funding (OfS condition of registration G2).
- 7.15 Monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Governing Body concerning their reappointment, where appropriate.
- 7.16 Monitor other relevant sources of assurance, for example other external reviews.
- 7.17 Consider elements of 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, in accordance with the Office for Students' accounts directions.
- 7.18 Review any returns required by the Office for Students in relation to

compliance with the Prevent statutory duty and confirm the integrity of institutional quality arrangements prior to recommendation to the Governing Body for approval.

- 7.19 Review the University's annual Anti-Slavery and Human Trafficking Statement for recommendation to the Governing Body for approval.
- 7.20 Receive a six-monthly report on legal cases (including employment tribunals).
- 7.21 In the event of the merger or dissolution of the University, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

## **8 Reporting procedures**

- 8.1 The minutes of meetings of the Audit and Risk Committee will be circulated to all members of the Governing Body.
- 8.2 The Committee will prepare an annual report covering the University's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Governing Body and Vice-Chancellor and will summarise the activity for the year. It will give the Committee's opinion of 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); and
  - sustainability, economy, efficiency and effectiveness.
- 8.3 This opinion should be based on the information presented to the Committee. The Audit and Risk Committee annual report should normally be submitted to the Governing Body before the members' responsibility statement in the annual financial statements is signed. The report will usually be published after consideration by the Governing Body.

## **9 Secretarial arrangements**

- 9.1 The secretary to the Audit and Risk Committee will be the University Secretary (or another appropriate independent individual).

## **10. Review**

- 10.1 The Audit and Risk Committee will review its terms of reference annually and as necessary and recommend any necessary changes to the Governing Body, having liaised with the Nominations, Staffing and Governance Committee over any significant changes.

10.2 The Committee will review its own effectiveness annually and in greater depth at a minimum of every three years. Reviews may be performed as part of a wider governance effectiveness review.

Approved by Governing Body on 27 June 2023