

AUDIT COMMITTEE

TERMS OF REFERENCE

Composition:

Six (6) members	-	Mr Philip Fletcher	(Chair)
		Ms Sue Appleby	
		Mr Julian Hills	(Co-option)
		Mrs Pam Jones	
		Mr Quentin Roper	
		Mr Steve Sutton	(Co-option)

Membership:

The Audit Committee and its Chair shall be appointed by the Governing Body, from among its own members, and must consist of members with no executive responsibility for the management of the institution. The Chair of the Governing Body should not be a member of the Committee. Members should not have significant interests in the institution and should not also be members of the Finance and Resources Committee. For the above reasons Staff and Student Governors are precluded from being members of the Audit Committee.

At least one Member should have recent, relevant experience in finance, accounting or auditing. The Committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

Quorum:

Two (2) members, of whom one must be a Governor

Reporting Relationships:

Reports to the Governing Body

Secretary:

Clerk to the Governing Body

Attendance at Meetings

In attendance by invitation

Vice-Chancellor
Director of Finance and Chief Financial Officer
Assistant Director of Finance – Financial Accounting
Governance and Legal Services Assistant
Internal Auditors
External Auditor - as appropriate

However, at least once a year the Committee should meet with the external and internal auditors without any officers present.

Frequency of meetings:

Meetings shall normally be held four (4) times each financial year. The external auditors or Head of Internal Audit may request a meeting if they consider it necessary.

Authority

The Audit Committee operates within the Audit Code of Practice contained in the Office for Students' publication "Terms and conditions of funding for higher education institutions" as amended from time to time and has adopted those duties as detailed in the Committee of University Chairs' publication "Handbook for Members of Audit Committees in Higher Education Institutions" as referred to by the Office for Students as representing best practice. 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 co-operate with any request made by the Committee.

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 the Chair of the Governing Body. However, it may not incur direct expenditure in this respect in excess of £20,000 without the prior approval of the Governing Body.

The Audit 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 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.

Duties

The duties of the Committee shall be to:

- 1) be responsible for 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) discuss with the external auditors, before the audit begins, the nature and scope of the audit;
- 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);
- 4) consider and advise the Governing Body 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 service by the internal auditors, and any questions of resignation or dismissal of the internal auditors;
- 5) review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management's response; promote co-ordination between the internal and external auditors; ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the Governing Body as appropriate);
- 6) keep under review the effectiveness of the risk management, control and governance arrangements, including receiving presentations on particular topics/priority risks (eg academic risk), and review the external auditors' management letter, the internal auditors' annual report and management responses;
- 7) monitor the implementation of agreed audit-based recommendations, from whatever source;

- 8) ensure that all significant losses have been properly investigated and that the internal and external auditors – and where appropriate the funding council’s accounting officer – have been informed;
- 9) oversee the institution’s policy on fraud and irregularity, including whistleblowing, including being notified of any action taken under that policy;
- 10) satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness;
- 11) receive any relevant reports from the National Audit Office (NAO) and its equivalents in Scotland, Wales and Northern Ireland, the funding councils and other organisations;
- 12) 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;
- 13) 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 funding council’s accounts directions;
- 14) in the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
- 15) monitor and review data assurance arrangements;
- 16) monitor the University’s performance against KPIs set by the Governing Body;
- 17) receive and consider the Committee’s annual report;
- 18) for reviewing its own effectiveness and performance on a ‘light touch’ basis and formally every four years (annually through Governor Informal Discussions);
- 19) review terms of reference and work plans annually.

Reporting Procedures

The minutes of meetings of the Audit Committee will be circulated and available to all members of the Governing Body in the e-governance area.

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 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)
- economy, efficiency and effectiveness (value for money). This opinion should be based on the information presented to the Committee. The Audit Committee annual report should normally be submitted to the Governing Body before the members’ responsibility statement in the annual financial statements is signed.

Alison Sear
Clerk to the Governing Body

Approval Date: 17/09/19 **Approved By:** Audit Committee **Revision Date:** 2019/20 - 1