

AUDIT COMMITTEE

CONSTITUTION AND TERMS OF REFERENCE –2022/23

Composition:

Six (6) members (minimum) - Mr Clive Stevens** (Chair – to 30 September 2022)
Lady Angela Newey* (Chair – from 1 October 2022)
Ms Sue Appleby
Mr Steve Carey
Mrs Pam Jones
Mr Jeremy Stockwell
Mr Quentin Roper (Co-option)_

*Lady Angela Newey will be a member of the Committee from 1 August 2022.

**Mr Clive Stevens will step down as both Chair and Committee member on 30 September 2022.

Membership:

The Audit Committee and its Chair shall consist of at least three Independent Governors appointed by the Governing Body, with no executive responsibility for the management of the University. Neither the Chair of the Governing Body, nor the Chair of the Finance and Resources Committee should be a member of the Audit Committee. Members of the Audit Committee should not also be members of the Finance and Resources Committee.

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

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 Auditor

External Auditor - as appropriate

However, at least once a year the Committee should meet with the External and Internal Auditors without any executive officers present.

Frequency of meetings:

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

Authority

The Audit Committee operates within the HE Audit Committees Code of Practice. The Committee has the delegated authority of the Governing Body in respect of the functions and powers set out in these terms of reference.

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 Audit Committee.

The Audit 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 considering the transparency and openness of reporting throughout them. These aspects will include the external audit opinion, the statement of Governors' responsibilities, the statement of internal control and any relevant issue raised in the External Auditor's management letter. The Committee should, where appropriate, confirm with the Internal and External Auditor 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 Audit Committee shall be to:

- 1) be responsible for the appointment of the External Auditor and exercise appropriate oversight over the audit of subsidiaries, the audit fee, the provision of any non-audit services by the External Auditor, and any questions of resignation or dismissal of the External Auditor;
- 2) discuss with the External Auditor, before the audit begins, the nature and scope of the audit;
- 3) discuss with the External Auditor 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 Auditor 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 Auditor, and any questions of resignation or dismissal of the Internal Auditor;
- 5) review the Internal Auditor's audit risk assessment, strategy and programme, and Annual Report; consider major findings of internal audit investigations and management's response; review the nature and scope of the internal audit process and discuss with the internal auditor any problems and reservations arising from their work, including their audit reports, and any other matters the Internal Auditors may wish to discuss; promote co-ordination between the Internal and External Auditor; ensure that the resources made available for internal audit are sufficient to meet the University's needs (or make a recommendation to the Governing Body as appropriate);
- 6) keep under review the effectiveness of the University's entire risk management, including academic risk management, control and governance arrangements, including compliance with the legal and regulatory framework that the University

- operates within, and consideration of the culture and behaviour that is prevalent within the University and arrangements that can affect reputation;
- 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 Auditor and External Auditor – and where appropriate the regulator– has been informed;
 - 9) oversee the University’s policies on fraud and irregularity, including whistleblowing, anti-bribery, material, adverse or reportable events, including being notified of any action taken in respect of those policies;
 - 10) satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness. This may include consideration of arrangements that:
 - a) support the culture and behaviour that is prevalent within the University;
 - b) ensure the effective management of conflicts of interest; and
 - c) enable the appointment of ‘fit and proper persons’ to the Governing Body and senior executive positions.
 - 11) receive any relevant reports from the National Audit Office (NAO) and its equivalents in Scotland, Wales and Northern Ireland, the regulator 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 and monitor other relevant sources of assurance;
 - 13) consider elements of the annual financial statements in the presence of the External Auditor, including the Auditor’s formal opinion, the statement of members’ responsibilities and the statement of internal control, in accordance with the regulator’s accounts directions;
 - 14) 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;
 - 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 Audit Committee’s annual report;
 - 18) review its own effectiveness and performance on a ‘light touch’ basis and formally every four years (annually through the Annual Governor Feedback Review);
 - 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 site.

The Audit 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 Audit Committee’s opinion of the adequacy and effectiveness of the University’s arrangements for the following:

- risk management, control and governance (the risk management element includes the annual review of the Risk Management Framework and 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 Audit 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