Terms of Reference

Purpose

To oversee the procedures for auditing the University's activities and to ensure systems are in place for effective risk management, data management, financial and other internal controls and governance. The terms of reference defining the Audit Committee's role are prepared using the model within the Higher Education Funding Council of England’s (HEFCE’s) Audit Code of Practice:

Membership

1. The Committee and its Chair shall be appointed by the University Council from among its own members on the recommendation of the Governance and Membership Committee, and must consist of members with no executive responsibility for the management of the institution. The Chair of the University Council will not normally be a member of the Committee. Members should not have significant interests in the institution, though should the situation arise, they should declare an interest in any matter that impinges on their other responsibilities: they may then be excluded from consideration of such items.

2. The Chair of the Committee will be an External¹ member of the University Council.

3. At least two but not more than three External Members of the University Council.

4. At least one but not more than three Committee members appointed under paragraph 8 of the University's Instrument of Government (persons who are not members of the University Council).

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

6. The term of office for each Committee member shall be for a renewable period of three years in accordance with Committee succession planning recommended by the Governance and Membership Committee and approved by the Council.

In attendance

University Secretary (Committee Secretary)
UNIAC representative (Internal Audit Service)
External auditor representative
Deputy Vice-Chancellor
Director of Finance

1. The Secretary to the Audit Committee will be the Secretary to the University Council (or other appropriate independent individual).

2. The Director of Finance, the Director of the Internal Audit Service and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. Other senior managers of the institution, and the external auditors, may be invited to attend meetings of the Committee to provide information and give their views.

At least once a year the Committee should meet with the external and internal auditors without any officers present

Quorum

1. Three members of the Committee of whom at least one member shall be an External Member of the University Council.

2. That within the quorum of three members, at least one member should have recent and relevant experience in finance, accounting or auditing and that all members shall be clear which members are so designated.

¹ An External Member may not be a Staff or Student Member
**Frequency of Meetings**

1. Meetings shall normally be held four times each financial year. The Chair of the Audit Committee, external auditors or Director of the Internal Audit Service may request a meeting if they consider it necessary.

**Delegation of Authority**

1. The Committee is authorised by the University 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.

2. The Committee is authorised by the University 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 Vice-Chancellor and/or Chair of the University Council. However, it may not incur direct expenditure in this respect in excess of £10,000 in any one instance, without the prior approval of the University Council.

3. The Committee is authorised by the University Council to receive regular progress reports on risk management within the University from the Senior Management Team, who are appointed to keep under review all aspects of risk management. The Audit Committee Chair will brief the Council where necessary on any specific matters or concerns.

4. The Audit Committee will review the draft annual financial statements including the external audit opinion, the statement of members’ responsibilities, the statement of internal control in accordance with HEFCE’s Accounts Directions, 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 University Council.

5. To approve amendments to the financial regulations and the Anti-corruption and Bribery Policy on behalf of the University Council.

6. The Chair to have delegated authority to act between meetings after consulting with the Deputy Vice-Chancellor, the Director of Finance, the University Secretary and the Committee Secretary. Details of any action taken will then be reported back to the Committee.

**Duties**

**External and Internal Audit**

1. To advise the University Council on the appointment, the terms of engagement, the audit fee, the provision of any non-audit services and any questions of resignation or dismissal of the internal and external auditors.

2. To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.

3. To discuss with the external auditor any 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. On behalf of the University Council to review and approve the internal auditors’ annual audit plan ensuring that it adopts a risk-based approach and is consistent with the audit needs of the institution;

5. 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 institution’s needs (or make a recommendation to the University Council as appropriate).

6. To monitor the implementation of agreed audit-based recommendations from whatever source.
7. To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the University Council concerning their re-appointment, where appropriate.

**Risk Management and Internal Controls**

8. To keep under review the effectiveness of the risk management, control and governance arrangements and, in particular, review the external auditors’ management letter, the Internal Audit Service’s annual report, and management responses.

9. To satisfy itself that effective arrangements are in place for the management control and quality assurance of data provided to HEFCE, HESA and other public bodies and to provide an opinion to that effect in the Committee’s Annual Report.

10. To consider the University’s Risk Register at least annually and make recommendations to University Council as appropriate.

11. To endorse the Annual Assurance Return, including the statement on compliance with the research integrity concordat, prior to signature and approval by the University Council.

12. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the HEFCE Chief Executive, have been informed.

13. To oversee the institution’s Anti-corruption and Bribery Policy on fraud and irregularity, including being notified of any action taken under that policy.

14. To oversee the University’s Whistleblowing Policy and to receive an annual report on any whistleblowing that has occurred.

15. To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and engage the Internal Auditors to perform specific Value for Money studies as appropriate.

16. To receive reports annually from the Internal Audit Service and Senior Management Team on the effectiveness of University Value for Money arrangements and specific Value for Money projects and to receive an annual report from the Director of Finance on Procurement Performance. The Director of Finance reports to Council on Value for Money.

17. To consider elements of the annual financial statements of the University (and its subsidiary companies) in the presence of the external auditors, including the auditors’ formal opinion, the Report of the University Council, incorporating the Operating and Financial Review, Public Benefit Statement and the Statement of Corporate Governance and Internal Control in accordance with HEFCE’s account directions, and to recommend these for adoption by the University Council.

18. To review the University’s health and safety arrangements via regular reporting at Audit Committee meetings.

19. To receive any relevant reports from the National Audit Office, HEFCE and other organisations.

20. To report to the University Council on any matter which the Committee considers will have an adverse effect on the solvency of the University or the security or integrity of the University’s assets.

21. 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.

**Reporting Procedures**

1. 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 University Council and the Vice-Chancellor, summarising the activity for the year. It will give the Committee’s opinion on the adequacy and effectiveness of the institution’s arrangements for the following:
risk management (including the accuracy of the statement of internal control within the Financial Statements, control and governance

- economy, efficiency and effectiveness (value for money)
- management and quality assurance of data submitted to HESA and to HEFCE and other funding bodies.

The above opinion should be based upon the information presented to the Committee.

The Audit Committee Annual Report should also record the work of the Committee and consider the following:

- The external auditors’ Audit Findings
- The internal auditors’ Annual Report and Opinion
- Any HEFCE Audit Service reports or other relevant evaluations.

The Audit Committee annual report should normally be submitted to the University Council before the members’ responsibility statement in the annual financial statements is signed.

2. The Committee will report to Council after each meeting; the minutes of the Audit Committee will be circulated to all Council members and will be reviewed at the next available Council meeting.

3. The Committee will draw the attention of the Council to significant audit matters at any time.

5 July 2018