

Audit Committee

1. Constitution and Process

The Council has established a committee of Council known as the Audit Committee.

1.1 Membership & Quoracy

The Audit Committee and its Chair shall be appointed by Council (via the Nominations Committee) and must consist of members with no executive responsibility for the management of the institution. The Chair of Council should not be a member of the committee. Members should not have significant interests in the institution. The committee should comprise:

1. Lay Chair drawn from the membership of the Council
2. One University member not being the head of a budgetary group (appointed ad personam)
3. Three persons with senior financial management experience gained outside the University (one of whom may be a lay member of Council).

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. Members of the committee should not also be members of the Finance Committee (or equivalent).

At least 3 members being present shall constitute as a quorum.

Note: The appointed members shall normally have no more than two consecutive periods of office.

1.2 Attendance at meetings

The Executive Director, Finance & Planning, the President & Vice Chancellor, the Chief Operating Officer, the Head of Internal Audit and a representative of the External Auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the committee should meet with the external and internal auditors without any officers present. The University Treasurer is also invited to attend all meetings as an observer.

1.3 Frequency of meetings

Meetings shall normally be held four times each financial year. One of these meetings will be scheduled so as to allow the committee to consider the University's [Annual Report and] Financial Statements and its own Annual Report to Council. One of these meetings will be scheduled so as to allow the committee to consider the Annual Internal Audit Report.

The Chair or any member of the committee or the Secretary may convene a meeting of the Committee at any time on reasonable notice to consider any matter falling within these Terms of Reference. The External Auditors or Head of Internal Audit may request a meeting if they consider it necessary.

1.4 Secretary

The Secretary to the Audit Committee will be the Clerk to the University Council and Senate. They will attend all meetings of the committee and provide all necessary support to the committee. The Secretary should ensure that the committee receives information and papers in a timely manner to ensure full and proper consideration of issues.

1.5 Minutes and Reporting

The minutes of each meeting will be distributed to all committee members and attendees as appropriate, taking into account any conflicts of interest which may exist. Audit Committee

minutes will be made available to Council following each meeting of the committee, in accordance with section 4 below.

1.6 Training

The Committee will make a suitable induction process available to new members of the Committee via the Clerk and, for existing members, will make available ongoing updates where appropriate and as discussed with the Committee.

1.7 Committee self-assessment

The Committee will conduct a four yearly self-assessment of its own performance and effectiveness and report conclusions and recommendations to Council. The Committee will review its own Terms of Reference annually at first meeting of the academic year.

2. Authority

The committee is authorised by Council to investigate any activity within its terms of reference.

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 President & Vice Chancellor and/or chair of Council. However, it may not incur direct expenditure in this respect without the prior approval of Council.

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.

3. Duties

The duties of the committee shall be to:

- a. consider and make recommendations to Council on 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. The committee will assess the independence and objectivity of the external auditors, ensuring that key partners are rotated on a regular basis; and ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity.
- b. review and agree with the external auditors, before the audit begins, the nature and scope of the audit
- c. 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).
- d. review, and challenge where necessary, the judgements of management, in relation to the annual financial statements before submission to Council, paying particular attention to:
 - i. critical accounting policies and practices, and any changes in them;
 - ii. decisions requiring a major element of judgement;
 - iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - iv. the clarity and completeness of disclosures;

- v. significant adjustments resulting from the audit;
 - vi. the Going Concern assumption, identifying any material uncertainties as to the University's ability to continue to adopt the going concern basis of accounting in preparing the financial statements over a period of at least twelve months from their date of approval;
 - vii. compliance with accounting standards and SORPs;
 - viii. compliance with [HEFCE] and other legal requirements;
 - ix. reviewing the University's statements on public benefit, internal control systems and risk management prior to endorsement by Council;
- e. 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 services by the internal auditors, and any questions of resignation or dismissal of the internal auditors
 - f. review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management's response; and 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 governing body as appropriate)
 - g. keep under review the effectiveness of the risk management, control and governance arrangements, and in particular review the external auditors' management letter, the internal auditors' annual report, and management responses
 - h. review and monitor the effectiveness of the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), HEFCE and other funding bodies
 - i. monitor the implementation of agreed audit-based recommendations, from whatever source
 - j. 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
 - k. oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy
 - l. review the Financial Regulations periodically (every four years) and report the outcome to Council. In the intervening years, to recommend to Council any necessary minor revisions.
 - m. satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness
 - n. receive any relevant reports from the National Audit Office, funding councils and other organisations which directly affect or inform the work of the committee.
 - o. 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, ensuring that internal and external audit services are market tested on a regular basis.
 - p. To review and monitor the effectiveness of university whistle-blowing policies that are in place and to recommended amendments as appropriate.

4. Reporting procedures

The minutes of meetings of the Audit Committee will be circulated to all members of Council.

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 Council

and will summarise the activity for the year. It will give the 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 appropriateness of the statement of internal control included with the annual statement of accounts);
- economy, efficiency and effectiveness (value for money); and
- management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE and other bodies.

This opinion should be based on the information presented to the committee. The Audit Committee annual report should normally be submitted to Council before the Annual Accountability Statement in the annual financial statements is signed.
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