

TERMS OF REFERENCE AUDIT COMMITTEE

Preamble

1. The Board of Governors has established a standing committee of the Board of Governors to be known as the Audit Committee ('the Committee').
2. The purpose of the Committee is to oversee a programme of work enabling it to give opinion to the Board of Governors annually on the adequacy and effectiveness of the Executive's arrangements for internal control and risk management, governance, value for money (economy, efficiency and effectiveness) and the management and quality assurance of data. The Committee recommends the financial statements to the Board of Governors for approval and advises the Board of Governors on the University Risk Register. The Committee oversees the management of the contracts for Internal and External Auditors.

Terms of Reference

3. The terms of reference are to:

(Risk Management and Internal Control)

- 3.1 Keep under review the effectiveness of risk management systems, culture, and control and governance arrangements, in particular, review the external auditors' management letter, the internal auditors' annual report and management responses.
- 3.2 Review and advise the Board of Governors on risk management control activity undertaken by the University Executive, with a view to ensuring that the University is managing all forms of risk effectively and adopting best practice in risk management generally.
- 3.3 Monitor the implementation of agreed audit-based recommendations, from whatever source.
- 3.4 Ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the Office for Students (OfS) Accounting Officer, have been informed.
- 3.5 Oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy.

- 3.6 Monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the Board of Governors concerning their reappointment, where appropriate.

Internal Auditors

- 3.7 Consider and advise the Board of Governors 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.
- 3.8 Undertake market testing of any externally provided internal audit at least every five years.
- 3.9 Review the internal auditors' audit risk assessment, strategy and programme.
- 3.10 Consider major findings of internal audit investigations and management's response and promote co-ordination between the internal and external auditors.
- 3.11 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).

External Auditors

- 3.12 Advise the Board of Governors 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.
- 3.13 Discuss with the external auditors, before the audit begins, the nature and scope of the audit.
- 3.14 Discuss with the external auditors problems and reservations arising from the interim and final audit, 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).
- 3.15 Undertake market testing of the external audit service at least every seven years. The external auditor's individual named partner should not hold this position for more than ten consecutive years.
- 3.16 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, letter of representation, and the statement of internal control in accordance with OfS accounts directions. As part of its

considerations, the Committee assesses whether other information such as the strategic report and the corporate governance statement presented in the annual report is consistent with the financial statements. The Audit Committee then advises the Board on the integrity of the annual report and financial statements as a whole.

Non-Financial Quality Management

- 3.17 Satisfy itself that suitable arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness. This may include consideration of arrangements that,
- support the culture and behaviour that is prevalent within the institution;
 - ensure the effective management of conflicts of interest; and enable the appointment of 'fit and proper persons' to the Board of Governors and senior executive positions
- 3.18 Receive any relevant reports from the National Audit Office, the OfS and other organisations.
- 3.19 Satisfy itself as to the adequacy and effectiveness of the arrangements for the management and quality assurance of data submitted to the Higher Education Statistic Agency (HESA), Research England and other funding bodies, and on the requirements of external and regulatory agencies such as the Office for Students (OfS) and UK Visas and Immigration.
- 3.20 In the event of the merger or dissolution of the institution, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

4. Membership

- 4.1 The Committee shall normally consist of up to six independent members of the Board of Governors and one of whom (excluding the Chair of the Board of Governors) shall act as Chair of the Committee.
- 4.2 Additional persons may be co-opted by the Committee on its own volition as necessary (in a non-voting capacity) in order to address skills, experience or diversity needs.
- 4.3 At least one member should have recent relevant experience in finance, accounting or auditing.
- 4.4 No members may have executive responsibility for the management of the institution.
- 4.5 No member of the Committee may also be a member of the Finance and Infrastructure Committee, except where permitted by the Committee of University Chairs' Higher Education Audit Committees Code of Practice.

Attendance

5. In attendance at the Committee shall be:
- the Vice-Chancellor;
 - the University Secretary;
 - the Chief Financial Officer;
 - such other officers of the University necessary for the conduct of business.

Quorum

6. The quorum necessary for the transaction of business shall be three members.

Frequency of meetings

7. The Committee will usually meet three times a year, in the spring, summer and autumn.

8. Reporting

- 8.1 The Committee shall submit its minutes to the Board of Governors for receipt and where decisions require Board approval, written or oral reports shall be made to the Board at an appropriate meeting.

9. Committee Effectiveness

- 9.1 The Committee shall review its own performance periodically and, at least annually, review its terms of reference to ensure it is operating effectively, and recommend any changes to the Board of Governors.
- 9.2 The Committee shall monitor its compliance with the CUC Higher Education Code of Practice for Audit Committees.
- 9.3 The Committee shall be authorised by the Board of Governors to obtain, at the University's expense, outside legal or other professional advice on any matters within its terms of reference.
- 9.4 The Committee shall be authorised by the Board of Governors 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.

Secretariat

10. The Committee Secretary shall be the Governance Manager, or such other person designated by the University Secretary.

APPROVED BY THE BOARD OF GOVERNORS, 15 DECEMBER 2022.