

## **Board of Governors Regulations 1.2**

### ***AUDIT AND RISK ASSURANCE COMMITTEE***

#### **TERMS OF REFERENCE**

##### **Purpose**

On behalf of, and reporting to, the Board, the Committee:

- Exercises all Board-level responsibilities for monitoring internal control, data quality and external and internal audit.
- Leads in establishing and monitoring good practice in risk management and value for money in the governing body and its committees.

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#### **1.0 Membership**

The Audit and Risk Assurance Committee and its Chair shall be appointed by the Board of Governors and must consist of members with no executive responsibility for the management of the institution or significant interests in it. The Chair of the Board should not be a member of the Committee.

There shall be no fewer than three members of the Board appointed to the Committee. At least one member should have recent relevant experience in finance, accounting or auditing.

The Board may co-opt as Committee members persons who have particular expertise but are not members of the Board and not persons who are members of firms providing services to the University.

University Senior Leadership Team members, the Chair of the Board of Governors and the chair of the Finance Committee shall not be Audit and Risk Assurance Committee members. Provided these exemptions are maintained, Audit and Risk Assurance Committee members can be Finance Committee members by exception, subject to approval by the Board of Governors. Occasional attendance by Audit and Risk Assurance Committee members at the Finance Committee as an observer is encouraged (as is attendance by members of the Finance Committee on a similarly occasional basis).

At least once a year, the committee should meet with each of the external and internal auditors without any officers present

## **2.0 Quorum**

A quorum shall be at least two members.

## **3.0 Clerk**

Clerk to the Board

## **4.0 Normally in Attendance**

Chief Operating Officer  
Provost and Deputy Vice-Chancellor  
Executive Director for Students  
Managing Director of Internal Audit  
Representative of the external auditors  
Minuting Secretary

## **5.0 By Invitation**

Vice-Chancellor  
Chair of the Board  
Director of Finance

## **6.0 Frequency of Meetings**

Meetings shall normally be held at least four times each financial year. The external auditors or head of internal audit may request an additional meeting if they consider it necessary.

## **7.0 Terms of Reference**

The principal duties of the committee shall be to monitor and report annually to the Board on the effectiveness of:

- The University's arrangements for control, governance and key management systems, in particular taking account of the external auditors' management letter, the internal auditors' annual report, internal audit's regular sampling of processes within organisational units, and management responses to audit findings.
- The University's arrangements for managing risk, including risks associated with academic quality; arrangements for consideration of risk by the Board and its committees; and compliance with agreed procedures and guidelines.

## **8.0 In order to discharge these duties, the Committee shall:**

- (1) 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.
- (2) Oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy.

- (3) Satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness.
- (4) Satisfy itself on the adequacy and effectiveness of arrangements for the management and quality assurance of the University's data, particularly as these relate to returns to external bodies.
- (5) Work with management to help them prepare, and to recommend to the Board, tools to support the Board in discharging its responsibilities in relation to risk.
- (6) Review the control arrangements and responsibilities relating to the University's subsidiary companies.
- (7) Receive any relevant reports from the National Audit Office (NAO), OfS or other organisations.
- (8) 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 Board 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 University'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)
  - Management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England 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 the Board before the members' responsibility statement in the annual financial statements is signed. The report will then be submitted to the OfS if required along with the signed financial statements.

- (9) Advise the Board 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.
- (10) Discuss with the external auditors, before the audit begins, the nature and scope of the audit.
- (11) 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 at least once a year).

- (12) 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.
- (13) Consider and advise the Board on the appointment and terms of engagement of the internal audit service (and the managing director 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.
- (14) 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.
- (15) Monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Board concerning their reappointment, where appropriate.
- (16) Monitor the implementation of agreed audit-based recommendations, from whatever source.
- (17) 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.
- (18) Delegate to the Nominations and Governance Committee the consideration of arrangements that enable the appointment of 'fit and proper persons' to the governing body and senior executive positions.

*Reviewed January 2024*