

<p>AUDIT AND QUALITY COMMITTEE 2017/2018 CONSTITUTION, MEMBERSHIP AND TERMS OF REFERENCE Agreed at Audit and Quality Committee on 27 September 2018, Min 2.1 refers. Terms last approved at Board of Governors on 10 October 2018, Min 3.4(ii) refers.</p>
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CONSTITUTION

The constitution is at least three members of the Board with power to co-opt. The membership should include at least one member with relevant experience in finance. The Chair is elected by the Committee from among the external Governor members annually (maximum five years in office). The Vice-Chancellor, Chair of the Board of Governors, and staff and student Governors are ineligible to be members of Audit Committee (in accord with the Articles of Government, article 5.2). The Office for Students (OfS) Audit Code of Practice states that Audit Committee members must not have executive authority [in the institution] or be members of a finance committee or its equivalent unless the institution can satisfy OfS that this is unavoidable for statutory or practical purposes. Those present in attendance have the right to speak but not to vote.

MEMBERSHIP AT 1 AUGUST 2018

Governor Members (who are eligible to vote)

External Governors appointed by and from the Board of Governors	Frances Morris-Jones (Chair) Mark Greenwood Paul Myers Nairn Wilson
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In attendance by invitation

Vice-Chancellor	Professor Graham Galbraith
Executive Director of Finance	Emma Woollard
Staff Representative	Dr Rinat Khusainov
External Auditors, Deloitte LLP	Andy Hornby
External Auditors, Deloitte LLP	Paul Thomas
Internal Auditors, RSM LLP	Louise Tweedie
Internal Auditors, RSM LLP	Lorna Raynes

TERMS OF REFERENCE

“The Board is responsible for directing and overseeing the institution’s arrangements for internal and external audit.” (Statement of Primary Responsibilities, para 9)

Committee Purpose

The Committee is responsible for the following broad themes within the University, in the context of the Strategic Plan and the University’s Risk Management Policy:

- 1 The Committee carries out all the responsibilities placed on it by the Office for Students (OfS) Terms and Conditions of funding for higher education providers for the period to 31 July 2019. The Committee’s conduct is informed by:
 - the CIPFA Handbook for Audit Committees in Higher Education
 - the Smith Guidance for Audit Committees (drawn from the Combined Code)
 - the Handbook for Members of Audit Committees in HE (2008/06) (a joint publication by HEFCE and CUC) or any subsequent document produced by the OfS.
- 2 In particular, it recommends the appointment of external and internal auditors and monitors their performance and effectiveness; reviews the internal audit plan and considers all audit reports; monitors the effectiveness of internal control systems to ensure that satisfactory arrangements are in place to promote economy, efficiency and effectiveness; and commissions and reviews the outcomes of value-for-money audits.
- 3 The Committee is also charged with monitoring the effectiveness of quality assurance processes in respect of all audit matters and, on behalf of the Board, the Committee receives and discusses reports on reviews undertaken by external bodies concerned with quality.

Committee Responsibilities

Authority

- 1 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 Committee.
- 2 The 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 designated officer and/or chair of the governing body. However, it may not incur direct expenditure in this respect in excess of £5,000 (plus VAT), without the prior approval of the governing body.
- 3 The 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.

Duties

- 1 The duties of the Committee shall be:
 - a. To advise the governing body 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.
 - b. To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.
 - c. To 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. To 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.
 - e. To review the internal auditors' audit risk assessment and strategy; 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 governing body as appropriate).
 - f. To keep under review the effectiveness of the risk management, control and governance arrangements, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses.
 - g. To monitor the implementation of agreed audit-based recommendations, from whatever source.
 - h. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS accounting officer, have been informed (see also paragraph 3.2 of the financial regulations).
 - i. To oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy.
 - j. To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

- k. To receive any relevant reports from the National Audit Office, OfS and other organisations.
- l. To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the governing body concerning their reappointment, where appropriate.
- m. To 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 OfS' Accounts Directions.
- n. 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.

Reporting procedures

- 1 The minutes (or a report) of meetings of the Committee will be circulated to all members of the governing body.
- 2 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 governing body and designated officer, 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, 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).

This opinion should be based on the information presented to the 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.

Additional Committee Responsibilities (as agreed by Committee)

- 1 To monitor the effectiveness of all audit matters.
- 2 To receive monitoring reports that enable it to provide confirmation to the governing body that the University's academic governance and quality assurance processes meet or exceed requisite thresholds and are fit-for-purpose.
- 3 To monitor the operation of external quality assurance procedures to which the University is subject.
- 4 To consider the outcome of academic and professional assessments conducted by

external bodies at all levels, including research and scholarship.

- 5 To commission and review comparative analyses of the University's performance relative to other universities.
- 6 To commission and review the outcomes of value-for-money audits.
- 7 To assure itself that the risks that fall within its remit are being effectively managed and addressed.
- 8 To meet routinely with the appointed auditors in the absence of management.
- 9 To receive monitoring reports that enable it to confirm to the governing body that the University meets or exceeds the requirements of the Concordat to Support Research Integrity.