

AUDIT COMMITTEE

In line with the requirements for accountability and audit of the Office for Students (OfS), University Council had established a committee known as the **Audit Committee**. These Terms of Reference are based on the model Terms from the Committee of University Chairs (CUC).

1. Membership

- I. The committee members and its chair shall be appointed by The University Council from among its own members and must consist of members with no executive responsibility for the management of the University.
- II. The Committee may if it considers it necessary or desirable and with the approval of University Council co-opt members with particular expertise, but the number of co-opted members must not exceed the number of members who are also members of University Council.
- III. The committee shall be formed of at least four members including the chair, at least half of whom must be members of University Council.
- IV. A quorum shall be half of the total membership. If the membership comprises an odd number of members, then a quorum shall be the lower whole number e.g. if there are seven members, a quorum shall be 3 members.
- V. The Chair of the University Council shall not be a member of the audit committee.
- VI. Members shall not have significant interests in the University.
- VII. At least one member should have recent relevant experience in finance accounting or auditing.
- VIII. Members should not also be members of a finance committee, unless University Council has made a clear decision to allow one audit committee member to sit on both (no more than one member may sit on both and he or she should not be the chair).

2. Frequency of Meetings

- I. Meetings shall normally be held four times each financial year. The external auditors or head of internal audit may request additional meetings if they consider it necessary.
- II. The head of internal audit or the external auditors may request a meeting if they consider it necessary.

3. Attendance at Meetings

- I. The Vice-Chancellor, Chief Accountant and Head of Financial Services, the internal auditors and a representative of the external auditors, Head of Legal Services, Governance and Risk and other managers shall normally attend meetings where business relevant to them is to be discussed. The Committee has the right, whenever it is satisfied that this is appropriate, to go into confidential session and

exclude any or all other participants and observers other than the Audit Committee Secretary.

4. Authority

The committee is authorised by the University Council to:-

- I. Investigate any activity within its terms of reference.
- II. Seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the committee.
- III. In consultation with the Vice-Chancellor & Rector and/or the Chair of the University Council, to obtain outside legal or other independent professional advice and secure the attendance of non-members with relevant experience and expertise if it considers this necessary. Prior approval must be obtained from the Chair of the University Council where this would incur direct expenditure in excess of £5,000.
- IV. authorised to approve all audit planning documents on behalf of the governing body. The Audit Committee will review the audit 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.

5. Duties

The duties of the committee are:

- I. To advise the University Council on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors (if any) and any questions of resignation or dismissal of the external auditors.
- II. To discuss with the external auditors, before the audit commences, the nature and scope of the audit.
- III. 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).
- IV. To consider and advise the University Council on the appointment and terms of engagement of the internal audit service and any questions of resignation or dismissal of the internal auditor.
- V. To review the internal auditors' audit risk assessment and strategy; to consider major findings of internal audit investigations and management's response; and promote co-ordination between internal and external auditors. The committee will ensure that the resources made available to internal audit are sufficient to meet the University's needs (or make recommendations to the University Council as appropriate).

- VI. To keep under review the effectiveness of the risk management, control and governance arrangements, and in particular to review the external auditor's management letter, the internal auditor's annual report, and management responses.
- VII. To monitor the implementation of agreed audit-based recommendations from whatever source.
- VIII. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS, have been informed.
- IX. To oversee the University's policy on fraud and irregularity, including being notified of any action taken under that policy.
- X. To 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 governing body and senior executive positions.
- XI. To satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.
- XII. Receive any relevant reports from the National Audit Office and its equivalents in Scotland, Wales and Northern Ireland, the regulator and other organisations.
- XIII. 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.
- XIV. Monitor other relevant sources of assurance, for example other external reviews.
- XV. 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 regulator's accounts directions.
- XVI. 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.

6. Reporting Procedures

- I. The minutes of meetings of the committee will be circulated to all members, those attending the meeting and all members of the University Council.
- II. The committee will prepare an annual report covering the University's financial year and any significant events up to the date of preparing the report. The report will be addressed to the University Council and the Vice-Chancellor & Rector,

summarising the activity for the year. It will give the committee's opinion on the adequacy and effectiveness of the University's arrangements for the following:-

- Risk management, control and governance (the risk management element including the accuracy of the statement of internal control included in the annual statement of accounts).
- Sustainability, economy, efficiency and effectiveness

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. The report will usually be published after consideration by the governing body.

7. Clerking arrangements

- I. The clerk to the audit committee will be provided by the Committee Secretariat.

Current Membership Dr A Naylor (in the Chair)
Revd Dr S Anderson
Mrs J Beever
Mr M. Gilbertson
Ms S Suchoparek

8. Review

The Audit Committee should periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and recommend any necessary changes to the governing body.