



CONSTITUTION OF THE RISK AND AUDIT COMMITTEE OF THE BOARD OF GOVERNORS

1. Committee Title

The Committee shall be called the Risk and Audit Committee.

2. Membership

The Committee membership shall comprise of:

2.1. *Appointed*

The appointed members of the Risk and Audit Committee shall be appointed by the Governing Body from amongst its own members, with one appointee being Chair. Appointed members must have no executive responsibility for the management of the institution. At least one member should have relevant experience in finance, accounting or auditing.

No appointed member of the Risk and Audit Committee may also be a member of the Standing Committee, unless specifically authorised by the Office for Students (OfS). However, the Chair of the Risk and Audit Committee will be entitled to attend and speak at meetings of the Standing Committee.

The Chair of the Governing Body should not be a member of the Risk and Audit Committee.

2.2. *Co-opted*

If the Board of Governors consider it necessary, the Committee may co-opt external members with relevant expertise. External co-opted members of the Committee shall be full members of the Committee.

The non-Governor external members may be appointed by the Board of Governors on the recommendation of the Nominations Committee.

2.3. *Officers in Attendance*

The Vice-Chancellor, the Chief Operating Officer, and the Director of Finance and Planning will normally attend meetings of the Committee.

Representatives of the Internal Auditors and the External Auditors will attend meetings where business relevant to them is to be discussed.

Attendees will be entitled to speak at meetings of the Committee but will not be eligible to vote.

2.4. Terms of Office

Governor members shall be appointed for three years and they shall be eligible for re-appointment.

Non-Governor co-opted members shall be appointed for three years and shall be eligible for re-appointment.

2.5. Clerking Arrangements

The Clerk to the Board of Governors, or a nominee appointed by the Board of Governors, shall act as Secretary to the Committee.

3. Terms of Reference

Under delegated powers and within general policy laid down by the Board of Governors, the Risk and Audit Committee shall be:

- 3.1. To 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.
- 3.2. To discuss if necessary with the external auditors, before the audit commences, the nature and scope of the audit.
- 3.3. To discuss with the external auditors any problems and reservations arising from the final audit findings report and other audits undertaken, 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).
- 3.4. To 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 non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors.
- 3.5. To review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management response; and to promote co-ordination between the internal and external auditors. The Committee will ensure that resources made available for internal audit are enough to meet the University's needs (or make a recommendation to the Board of Governors as appropriate).

- 3.6. To keep under review the effectiveness of the University's entire risk management (including academic risk), control and governance arrangements.
- 3.7. To monitor the implementation of agreed audit-based recommendations, from whatever source.
- 3.8. 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.
- 3.9. To satisfy itself that the University's policies and positions on ethical and other behaviours, including health and safety, whistleblowing, anti-bribery, reportable events, fraud and irregularity are followed, including being notified of any action taken under these.
- 3.10. To satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness. This include consideration of arrangements that:
 - a) Support the culture and behaviour that is prevalent within the institution;
 - b) Ensure the effective management of conflicts of interest; and
 - c) Enable the appointment of 'fit and proper persons' to the governing body and senior executive positions
- 3.11. To satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.
- 3.12. To satisfy itself that suitable arrangements are in place to ensure University compliance with the Prevent Duty and to report accordingly to the Board of Governors in that an annual statement can be submitted to OfS.
- 3.13. To receive any relevant reports from the National Audit Office, OfS and other organisations.
- 3.14. To 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 re-appointment, where appropriate.
- 3.15. Monitor other relevant sources of assurance, for example, other external reviews.
- 3.16. 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.

3.17. To exercise Governor oversight of the University's risk management strategy and report annually thereon to the Board of Governors.

3.18. To report, including submitting an annual report for approval, to the Board of Governors. The annual report will cover the University's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Board of Governors and the Vice-Chancellor, summarising the activity for the year. It will give the Committee's opinion on the adequacy and effectiveness of the University's arrangements for:

- a) 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);
- b) Economy, efficiency and effectiveness (value for money);
- c) The management and quality assurance of data, including academic reporting, provided to the OfS, HESA, Student Loans Company, and other funding bodies.

The opinion should be based on the information presented to the Committee. The Risk and Audit Committee annual report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed.

3.19. In the event of the merger or dissolution of the University, the Risk and Audit Committee shall ensure that the necessary actions are completed, including arrangements for a final set of Financial Statements to be completed and signed.

4. Authority

4.1. The Committee is 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.

4.2. The Committee is authorised by the Board of Governors 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 Vice-Chancellor and/or Chair of the Board of Governors. However, it may not incur direct expenditure in this respect of more than £5,000 without the prior approval of the Board of Governors.

4.3. 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 Board of Governors.

5. Meetings

5.1. The Risk and Audit Committee shall meet as required but normally not less than three meetings per year. The external auditors or the head of internal audit may request a meeting if they consider that one is necessary. The time and place of meetings shall be arranged by the Secretary in consultation with the Chair. Where it is appropriate, meetings of this Committee may be held virtually.

5.2. Committee members shall be entitled to meet with the Internal Auditors and the External Auditors without any University Officers present.

6. Quorum

There shall be a quorum when two Governor members are present at a meeting.

7. Agenda

The agenda shall be circulated to members at least one week prior to meetings, except in the case of emergency meetings. Members shall be entitled to submit relevant agenda items to the Chair for inclusion in the agenda.

To aide in deliberations, the Committee members will receive for information the papers from the previous Standing Committee.

8. Minutes

Minutes shall be kept of the proceedings of all meetings of the Committee and the Committee Chair will present an update to the next meeting of the Board of Governors. Minutes are available to all Governors on request. Minutes will be made available upon request to non-Governors, subject to compliance with privacy regulations and consultation with the Committee Chair.

9. Attendance of Advisers

The Chair shall be entitled to invite to a meeting a person or persons to act in an advisory capacity.

10. University Officers

The Chair may call University Officers to attend to provide information or explanation in respect of matters under discussion. If a University Officer is required to attend, the request shall be directed through the Vice-Chancellor.

11. Amendments to the Constitution

Amendments to this Constitution may be proposed by the Committee and approved at a duly constituted meeting of the Board of Governors¹.

¹ The history of amendments to date is as follows:

- a. The Board of Governors established a Committee of the Board called the Audit Committee. The original version of the Constitution of the Audit Committee was approved by resolution of the Board of Governors on 18 November 2009.
- b. At its meeting on 06 February 2017 the Standing Committee recommended that the name of the Audit Committee be changed to the Finance and Audit Committee of the Board of Governors. The Board of Governors approved the Constitution of the Finance and Audit Committee at its meeting on 01 March 2017.
- c. With effect from 01 March 2017 any reference to the Audit Committee remaining unchanged in University policies, procedures, and documents, and was taken to refer to the Finance and Audit Committee.
- d. At its meeting on 03 July 2019, the Board of Governors approved the constitution of a new Risk and Audit Committee, following the transfer of responsibility for financial strategy to the Standing Committee.
- e. At its meeting on 08 July 2020, the Board of Governors approved the amendments made to the Risk and Audit Committee constitution.
- f. At its meeting on 09 September 2020 the Board of Governors approved further amendments to the Risk and Audit constitution following publication of the CUC HE Audit Committee Code of Practice.
- g. At its meeting on 7 July 2021 the Board of Governors approved further minor amendments to this constitution.