TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Membership

Three lay members of the Council:

Dr P. R. Preston
Mr S. P. Sherman (Chair)
Mr I. P. Smith

Two further lay members appointed by the Council, not necessarily from its own number:

Mr R. Buller
Mr D. Gibbons

Right of attendance:
The President of the Council
The Vice-Chancellor (alternate: the Deputy Vice-Chancellor)
The Chief Operating Officer

In attendance: Mr T Bartlam
The Director of Finance
The Head of Internal Audit Services

Secretary: The University Secretary

Terms of reference

Constitution

1. The Council has established a committee of the Council known as the Audit Committee.

Membership

2. The Audit Committee shall comprise

(a) A Chair appointed by the Council from among its members.

(b) Four other members appointed by the Council at least two of whom to be from among its members.

3. The University Secretary shall be Secretary to the Committee.

4. A quorum shall be three members.
Restrictions

5. (a) At least one member should have recent and relevant experience in finance, accounting or auditing.

(b) Members should not have significant interests in the University.

(c) Those with executive responsibility for the management of the University may not be members.

(d) No member of the Committee may also be a member of the Strategy and Finance Committee

Attendance at meetings

6. (a) The following have a right of attendance at meetings:

   The President
   The Vice-Chancellor (alternate: the Deputy Vice-Chancellor)
   The Chief Operating Officer

(b) The Director of Finance, the Head of Internal Audit Services and other officers, and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the Committee should meet with the external and internal auditors without any officers present.

Frequency of meetings

7. Meetings shall normally be held three times each financial year. The external auditors or the Head of Internal Audit Services may request a meeting if they consider it necessary.

Authority

8. The Committee is authorised by the Council 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.

9. The Committee is authorised by the Council 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 President of the Council. However, it may not incur direct expenditure in this respect in excess of £50,000 without the prior approval of the Council.

10. The Audit 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 auditor’s 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 Council.

Duties

11. The duties of the Committee shall be:

(a) To advise the Council 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 Council on the appointment and terms of engagement of the internal audit service (and the Head of Internal Audit Services, 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 University’s needs (or make a recommendation to the Council as appropriate).

(f) To keep under review the effectiveness of the risk management, control, governance arrangements and data assurance, 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 HEFCE Accounting Officer, have been informed.

(i) To oversee the University’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, the HEFCE 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 Council concerning their re-appointment, where appropriate.

(m) To consider elements of the annual financial statements in the presence of the external auditors, including the auditor’s formal opinion, the statement of members’ responsibilities and the statement of internal control, in accordance with HEFCE’s Accounts Directions.

(n) In the event of a 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.

(o) To review letter(s) of representation requested by the external auditors in relation to the financial statements.

**Reporting procedures**

12. The minutes (or a report) of meetings of the Committee will be circulated to all members of the Council.

13. The Committee will prepare an annual report covering the University’s financial year and including any significant issues up to the date of preparing the report. The report will be addressed to the Council 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);

- management and quality assurance of data submitted to HESA and to HEFCE and other providers of public funds.

This opinion should be based upon the information presented to the Committee. The Audit Committee annual report should normally be submitted to the Council before the members’ responsibility statement in the annual financial statements is signed.

January 2014