

Audit and Risk Committee Terms of Reference

1. Purpose

The Audit and Risk Committee (the “Committee”) is established by Governing Body to provide independent oversight of all aspects of the University activities including oversight of financial reporting, internal controls, risk management and value for money.

2. Membership

2.1 The membership of the Committee shall be appointed by the Governing Body on the recommendation of the Nominations Committee. Consideration will be given to the available skills, expertise and the competencies required to fulfil the Committee’s terms of reference. Any gaps in terms of skills required for the Committee may be filled by utilising section 18(4) of the Universities Act 1997 which permits members external to the University to be appointed by the Governing Body.

2.2 The Committee shall consist of at least five and not more than seven members of which:

- at least one and not more than two shall be an external member of the Governing Body; and
- at least four and not more than six shall be external to and independent of the University.

2.3 Gender balance is a key element to membership composition. Accordingly, membership of the Committee should reflect a strong gender balance where possible .

2.4 The Chair shall be a member of the Governing Body. The Chair shall be nominated by the President, following consultation with the Chair of the Governing Body, and approved by the Governing Body. Where the Chair is unable to attend a meeting of the Committee, the members present may elect an individual from those Committee members present at the meeting to act as Chair for the meeting.

2.5 Members of the Governing Body who hold executive responsibility within the University shall not be members of the Committee. Neither the President nor Chair of the Governing Body shall be a member of the Committee.

2.6 Members are required to attend all meetings of the Committee. In the event a member does not attend 3 consecutive meetings, they may be replaced.

2.7 An Audit and Risk Committee effectiveness review will be carried out after an 18 month to a 2-year period.

3. Conflicts of Interest

3.1 Committee members shall take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for Committee meetings.

3.2 Where a conflict of interest arises, a Committee member shall bring this to the attention of the Chair (where possible, prior to the meeting) and where necessary absent themselves from the meeting for the duration of the discussion and shall not take part in any decisions in relation to the matter in question. Relevant meeting documentation on a given agenda item shall not be made available to a Committee member who has already disclosed a conflict of interest in respect of that agenda item. Where a conflict of interest is identified subsequent to the circulation of meeting documentation, the member of the Committee for whom the conflict of interest arises in respect of an agenda item shall not refer further to the meeting documentation for such agenda item. Conflicts of interest shall be noted in the minutes of the Committee meeting.

4. Responsibilities

4.1 The Committee will provide independent advice to the Governing Body on:

Financial Reporting

- the accounting policies, and the University's annual report, in the form of the financial statements, and the annual operating programmes and budgets, including the process for review of the financial statements prior to submission for audit, levels of error identified, and management's letters of representation to the external auditor and the Comptroller and Auditor General;

Internal Controls, Risk and Emergency Management

- the strategic processes for internal control, governance, risk and emergency management;
- assurances relating to the management of risk and in relation to corporate governance requirements for the University;
- review and recommend to the Governing Body for approval: (a) the Risk Management Policy and Framework; and (b) the Emergency Management and Business Continuity Plan;
- the regular review of the University's Risk Register;
- the review and consideration of reports of the University Enterprise Risk Management Committee;

Internal Audit

- the planned activity and results of internal audits;
- proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services;

External Audit

- the planned activity and results of external audits;
- discussions with the external auditor on the nature and scope of the audit;
- problems and reservations arising from the audit and any other matters requested by the external auditor;
- adequacy of management response to issues identified by audit activity, including the external auditors and the Comptroller and Auditor General's management letters of representation;
- the appointment of external auditors, the audit fee and any questions of resignation or dismissal of external auditors;
- monitor the performance and quality of the external auditor's work and the auditor's independence from the University;
- recommending whether or not to award contracts to an auditor or an affiliate for non-audit or audit related work;

Other

- anti-fraud policies, protected disclosure processes, and arrangements for special investigations; and
- perform any other related duties or responsibilities at the request of the Chair of the Governing Body.

See Appendix A for items that shall be included in the Committee's annual work plan.

5. Rights

5.1 The Committee is authorised by the Governing Body to investigate any activity within its terms of reference and to seek any information it may require on that activity from any employee of the University or its subsidiaries and all such employees are directed to cooperate with the Committee. The Committee shall be given the necessary resources for this purpose.

5.2 The Committee may:

- co-opt expertise to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the reasonable expense of the University, subject to budgets agreed by the Governing Body at the start of the financial year (or as may be supplemented with the approval of the President).

6. Access

The Head of Internal Audit, the external auditor, the representative of the Comptroller and Auditor General and the senior officer of the University with responsibility for risk management, as appropriate, will have free and confidential access to the Chair of the Audit and Risk Committee.

7. Meetings

- i. Meetings of the Committee shall be scheduled approximately three weeks prior to each regular Governing Body meeting in a given year. The Chair of the Audit and Risk Committee may convene additional meetings, as they deem necessary;
- ii. the Chair of the Committee shall submit a report on the Audit and Risk Committee's meeting to Governing Body one week prior to the Governing Body meeting;
- iii. a minimum of four members of the Audit and Risk Committee will be present for the meeting to be deemed quorate. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee;
- iv. any employee or external person relevant to the work of the Committee may attend for all or part of meetings at the invitation of the Committee;
- v. the Committee may ask any other officials of the University to attend to assist it with its discussions on any particular matter;
- vi. the Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;
- vii. private sessions, meeting time without executives present, should be included on the Committee's work programme to be a standing item at the start or the end of the agenda of two meetings per annum;
- viii. the Governing Body may ask the Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice; and
- ix. at least once a year the Committee shall meet separately, without members of management being present, with each of the following:
 - a. the external auditors;
 - b. the Head of Internal Audit; and
 - c. the Corporate Secretary.
- x. the Committee will meet periodically from time to time with a representative of the external auditor and a representative of the Office of the Comptroller & Auditor General;
- xi. the Committee Chair will meet with the Chair of the Governing Body Finance Committee as required but at least once a year;
- xii. If required, a joint meeting of the Committee and the Finance Committee may be held; and
- xiii. administrative support to the Committee shall be provided by the Office of Corporate and Legal Affairs.

8. Information Requirements

8.1 On a regular basis, the Audit and Risk Committee will be provided with:

- a report summarising any significant changes to the University's strategic risks and emergency risks and a copy of the University's Risk Register;
- an update from the Head of Internal Audit on the status of outstanding priority 1 and priority 2 recommendations from completed Internal Audit Office Reviews of functional areas including the level of implementation of such recommendations;
- a progress report from the Head of Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from the work of internal audit;
 - management response to audit recommendations;
 - changes to the agreed internal audit plan; and
 - any resourcing issues affecting the delivery of the objectives of internal audit
- notification, information, or reports on a timely basis in regard to such other issues that ought to be brought to the attention of the committee.

8.2 As and when appropriate the Committee will, on request, also be provided with such other information, reports, documentation or updates as may be necessary to fulfil its functions under the Terms of Reference herein.

8.3 As such matters arise or where review or approval of the Committee is required, the Committee shall be provided with:

- progress reports (written/verbal) from the external auditor and/or the Comptroller and Auditor General;
- notifications from the Chair of the Emergency Management Team/Chief Risk Officer of the occurrence of a material risk incident¹ to include a briefing on:
 - A description of the incident
 - A description of actions taken to mitigate the impact of the incident
 - A description of any further actions proposed and the estimated timeline for implementation of such further actions;
- on conclusion of a material risk incident, the Committee shall receive a report and on the management of the incident and lessons learned;
- notification of receipt of a disclosure pursuant to the University's Disclosure Policy on receipt and initial assessment thereof by the University. Such notification shall include:
 - Type of issue
 - Steps to be taken as determined by the University's Disclosure Group
 - Timeline

¹ "Material Risk Incidents" include incidents for which the University's Emergency Management Team is convened or red level risks articulated on the University Risk Register or Emergency Risk Register which have materialised such that the management of the consequences of such risks is underway.

Following completion of the aforementioned steps outlined by the University's Disclosure Group and notified to the Committee, the Committee shall receive a report setting out:

- Description of disclosure
- Name of investigator and Terms of Reference (if any)
- Findings/outcome
- Any other relevant information/recommendations

- the draft annual governance statement for the Higher Education Authority;
- a report on any changes to accounting policies;
- Comptroller and Auditor General's management letter and audit certificate;
- external auditor's management letter and audit certificate; and
- periodic updates on the status of the University's capital projects programme.

8.4 Management shall also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought promptly to the attention of the Committee.

8.5 In addition to the above, the Audit and Risk Committee will be provided with any other information that may be pertinent to the functioning of the Committee.

9. Period of Office

The period of office for members of the Audit and Risk Committee shall be for a three-year period for a maximum of three consecutive terms (nine years).

10. Reporting

- The Chair of the Committee will submit a report to the Governing Body one week prior to each regular scheduled Governing Body meeting.
- The Committee shall make an annual written report on the financial statements to the Governing Body within three months after the conclusion of the financial year. The report will include the Committee's opinion on the adequacy of the systems of internal controls and risk management.
- The Committee will also review these terms of reference at least annually and will make recommendations on updating or amending them to the Governing Body as appropriate.

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Appendix A: Annual Work Programme

The Audit and Risk Committee's annual work programme shall be communicated to Governing Body in advance of the coming year and shall include:

- a) **Internal Audit Function:** Monitoring and reviewing the effectiveness of the University's internal audit activities and consideration of the Internal Audit Function's independence, expertise, experience and adherence to professional standards.
- b) **Scope of Work:** The Committee shall consider the scope of the Internal Audit Function's work and consider whether the available resources and access to people and information allow the Unit to address significant risks within the University.
- c) **Audit Plan:** The Committee shall have an approval role in relation to the Internal Audit Function charter and audit plan, including the Committee making suggestions regarding risk and problem areas the audit plan shall address. The Committee shall also receive regular progress reports from the Internal Audit Function.
- d) **External Auditors:** The Committee shall review Management Letters and Letters of Representations and shall be given sight of the organisational responses to the external auditor and the Comptroller and Auditor General, as appropriate.
- e) **Views of the External Auditors:** The Committee shall request the views of the external auditor and the Comptroller and Auditor General, as appropriate, on the work and effectiveness of the Committee. The Committee shall engage with the Comptroller and Auditor General, and/or external auditor as appropriate, at least annually without executive Board members being present to ensure that there are no unresolved issues of concern and shall make the external auditors aware of the corporate governance issues outlined in the 2019 Code of Governance for the Universities with which the University is required to comply.
- f) **Co-operation between the Comptroller and Auditor General, External Auditor and Internal Audit Function:** The Committee shall encourage co-operation between the Comptroller and Auditor General, and/or external auditor as appropriate, and Internal Audit Function and receive confirmation from the Comptroller and Auditor General, and/or external auditor as appropriate, and the Internal Audit Function of the effectiveness of their working relationship. This involves a sharing of audit plans to prevent duplication of effort and Internal Audit Function shall provide the external auditor with copies of all completed Internal Audit Function reports.
- g) **Draft Financial Statements:** The Committee shall review draft financial statements before recommending their adoption by the Governing Body and consider whether:
 - accounting policies, completeness of financial statements, protected disclosure/anti-fraud policy are properly recorded and accounted for;
 - suitable processes are in place to ensure regularity, probity and propriety is achieved;

- issues raised by the Comptroller and Auditor General have been comprehensively and appropriately dealt with;
 - issues raised by the external auditor have been comprehensively and appropriately dealt with;
 - the financial statements present fairly the University's financial position;
 - the comprehensiveness and meaningfulness of the University's Statement on Internal Control and review of the Letter of Representation before issue by the University;
 - the Committee to hold a joint meeting once a year with the Finance Committee to discuss the annual accounts.
- h) The Committee shall also consider:
- the effectiveness and adequacy of the University's anti-fraud and protected disclosure policies and staff awareness of them;
 - whether financial control, including the delegation structure, enables the University to achieve its objectives on a value for money basis; and`
 - whether the procedures for investment appraisal are fit for purpose and comply with best practice including the principles and relevant requirements of the Department of Public Expenditure and Reform [Public Spending Code](#).
- i) **Statement on Internal Control:** The Committee shall also satisfy itself that the University's system of internal control operated effectively during the reporting period and that the system of internal reporting gives early warning of internal control failures and emerging risks.
- j) **Risk Management:** The Committee shall regularly consider the approach to risk management at the University and shall monitor the processes for management of risk in order to provide assurance to the Governing Body thereon.
- k) **Emergency Management:** The Committee shall consider the approach to emergency management training and review management of emergency issues as they occur.
- l) the Committee will also periodically review its own effectiveness and report the results including training requirements of that review to the Governing Body.