

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE 2025/2026

Introduction

The CUC Audit Code of Practice informs the Committee Terms of Reference.

Purpose of the Committee

The purpose of the Committee is to provide assurance to the Board of Governors on governance, risk management, the control environment, and the integrity of annual financial statements. The Audit & Risk Committee provides advice to the Board on matters covered by its role and responsibilities as defined below in these Terms of Reference.

The Committee reviews the scope and effectiveness of the work of the internal and external auditors and advises the Board of Governors on their appointment. It reviews regulatory requirements and the University's annual financial statements and accounting policies.

Membership

The constitution is at least three members of the Board with the power to co-opt. The Committee elects the Chair from the external Governors. The Vice-Chancellor, Chair of the Board of Governors, and staff and student Governors are ineligible to be members of the Committee (in accordance with the Articles of Government, article 5.2).

The CUC 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 considers this is unavoidable for statutory or practical purposes. Those present in attendance have the right to speak but not to vote.

The membership of the Group shall consist of the following core members:

- Up to five External Governors appointed by and from the Board of Governors.

In attendance by invitation:

- Vice-Chancellor (*ex officio*)
- Chief Financial Officer
- Professional Services Staff Governor
- External Auditors
- Internal Auditors

Quorum

Quoracy shall be 40% of the membership (two external governors).

Terms of Reference

1. It is the role of the Audit Committee to advise and assist the governing body in respect of the entire assurance and control environment of the University.
2. Under delegated authority from the Board of Governors it is empowered to:
 - (a) Investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees must co-operate with any request made by the Committee.
 - (b) 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 accountable officer and/or Chair of the Board of Governors. However, it may not incur direct expenditure in this respect in excess of £20,000 (plus VAT), without the prior approval of the governing body.
 - (c) Review the audit and risk aspects of the draft annual financial statements and accounting policies to include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issues 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.
 - (d) Arrange joint meetings as appropriate with other board committees or their Chairs to discuss areas of mutual interest or significant matters.
 - (e) Approve single source justifications of £1m and over.
 - (f) Approve gifts or hospitality offered to the University or its staff in excess of the parameters laid out in the Gifts and Hospitality Policy and to receive the annual declaration report of gifts and hospitality received.
3. Audit and Risk Responsibilities
 - (a) Advise the Board of Governors on the appointment and terms of engagement 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) Agree with the external auditors the nature and scope of the annual statutory audit.
 - (c) Discuss with the external auditor's 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) Advise the governing body on the appointment and terms of engagement of the internal audit service, 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) Review the internal auditors' audit risk assessment, strategy and programme; consider major findings of internal audit investigations and management response; and promote coordination 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) Keep under review the effectiveness of the risk management culture, control and governance arrangements.
 - (g) Undertake an annual review of the University's Risk Management Policy to ensure that there is a robust risk management system operating effectively across the University and to have

specific sight of what are regarded to be significant existential threats in the Corporate Risk Register along with evidence of how these risks are being mitigated and managed by the University.

- (h) Monitor the implementation of agreed audit-based recommendations from whatever source.
- (i) Ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS, have been informed.
- (j) Oversee the ongoing, integrated process of identifying, assessing, treating, and monitoring the University's cybersecurity risks to protect its digital assets and ensure business continuity.
- (k) Satisfy itself that suitable arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness.
- (l) Satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.
- (m) Oversee fraud and irregularity policies including being notified of any action taken under them:
 - Anti-Money Laundering
 - Counter Fraud (Fraud Response Plan)
 - Financial Sanctions
 - Whistleblowing
 - Declaration of Interests
 - Gifts and Hospitality
 - Risk Management
 - Health and Safety Commitment Statement
 - Modern Slavery Act Statement
- (n) Receive relevant reports from the National Audit Office, OfS and other organisations.
- (o) Monitor the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity regularly and to make recommendations to the Board of Governors concerning their reappointment.
- (p) Monitor other relevant sources of assurance, including other internal and external reviews:
 - The annual assurance statement on academic quality, 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.
 - The outcome of academic and professional assessments conducted by external statutory bodies and professional bodies, including research and scholarship including the Concordat to Support Research Integrity and the Dental Academy Clinical Governance Report
 - The annual reports on the Prevent Duty, information governance, student complaints and Health and Safety
- (q) Consider 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 regulator's accounts directions.
- (r) In the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including a final set of financial statements to be completed and signed.

4. Reporting

Formal minutes shall be taken of all meetings and made available to the Board of Governors.

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 Head of the Institution (Vice-Chancellor) and will summarise the activity for the year. It will give the Committee's opinion of 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); and
- sustainability, economy, efficiency and effectiveness.

This opinion should be based on the information presented to the Committee. The Audit and Risk 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.

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

5. Health and Safety

Monitor compliance with the statutory and regulatory requirements for Health and Safety as placed upon the University as an employer.

6. Committee Effectiveness

Critically reflect upon its effectiveness as a committee and the value-added contribution that it makes to the delivery of the University's strategic objectives on a regular basis.

Conduct of Business

The Committee may conduct its business via any communication method that is deemed suitable by its Chair.

Frequency of Meetings

The Committee should meet on at least four occasions per annum.

Clerking

The Clerk to the Board of Governors will be responsible for the organisation of meetings, facilitating communication and for the provision of clerking services to the Group.

Amendments to the Terms of Reference

Amendments to the membership and terms of reference of the Group may be proposed by any governor at any time but shall only be formally approved by the Board of Governors.

Review of the Terms of Reference

The membership and terms of reference of the Committee shall be formally reviewed on an annual basis by the Board of Governors.