

## **Committee Terms of Reference: AUDIT, RISK AND ASSURANCE COMMITTEE**

Reports to: the Council

Occurrence: 4 times a year. The External or Internal Auditors may request a meeting if they consider it necessary

*Terms of reference last reviewed: June 2021; last revised: July 2021; and next due for review: June 2023*

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### Members:

- 1 Independent Member (Chair), drawn from the membership of Council
- 4 Independent Members, up to two of whom may be co-opted / not drawn from the membership of Council
- 1 Student Member

5 members.

In the absence of the appointed Chair, one of the Independent Members serving on the Council shall temporarily assume the chair.

Committee Members should not have executive responsibility for the management of the institution, nor should they have significant interests in the University.

Members should not normally also serve on the Resources and Performance Committee (although one instance of cross-representation may be permitted, and formally approved by Council).

The chairs of the University's Council and Resources and Performance Committee should not be members of the Audit, Risk and Assurance Committee.

At least one Independent Member should have recent relevant experience in finance, accounting or auditing.

Independent Members will be appointed by Council for 4 years in the first instance, with the possibility of appointment for a second term of no more than 4 years.

Quorum: 3 members.

### In attendance:

- Vice-Chancellor
- Director of Finance and Corporate Services, or nominee
- University Secretary
- The University's External Auditors
- The University's Internal Auditors

The Clerk to the Committee shall be the University Secretary, as Secretary to the Council. In their absence, another appropriate independent individual will clerk.

At the discretion of the Chair other University officers, as may be appropriate, shall be invited to attend meetings.

At least once a year, Committee Members shall meet with the External and Internal auditors without University management present, other than the Committee Clerk.

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 Clerk to the Committee.

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### Remit:

The role of the Audit, Risk and Assurance Committee is to advise and assist the governing body in respect of the entire assurance and control environment of the University. Accountable to Council, its overriding duties include:

- Testing and advising Council on the effectiveness of the institution's risk management, culture, control and governance arrangements, and the internal controls and procedures to promote economy, efficiency and effectiveness;
- Oversight of external and Internal audit arrangements, including advising the governing body on the appointment of the audit providers, and oversight of the nature and scope of External and Internal audits and the effectiveness of the audit processes; and
- Oversight of audit aspects of the institution's financial statements, including the External Auditors' opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the External Auditors' management letter.

The Committee shall promote co-ordination between the External and Internal auditors.

In the event of the merger or dissolution of the University, the Committee shall ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

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Terms of reference:

1. To scrutinise and advise the Council as appropriate on:
  - a. The appointment or reappointment of the External and Internal auditors, the terms of their engagement, the audit fee, and their ability to provide any non-audit services;
  - b. The performance of the External and Internal auditors, including any matters affecting their objectivity, and any matters relating to their resignation or dismissal;
  - c. Problems and reservations arising from the interim and final external audits, including a review of the management letter incorporating the management responses, and any other matters the External Auditors may wish to discuss (in the absence of management where necessary);
  - d. Audit aspects of the annual financial statements (to be considered 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 Higher Education Funding Council for Wales' Accounts Directions;
  - e. Major findings of Internal Audit investigations and management's response; and the Internal Auditors' annual report;
  - f. The implementation of agreed audit-based recommendations, from whatever source;
  - g. Internal risk management arrangements, including the corporate risk register;
  - h. Significant losses in terms of their proper investigation, and that the External and Internal auditors, and where appropriate the Higher Education Funding Council for Wales and the Charity Commission, have been informed;
  - i. Other appropriate audit reviews not conducted by the External or the Internal auditors, but which have implications for the institution's risk management, control and governance arrangements; and
  - j. Matters relating to standards and principles of public life at the request of Council; the Chair of Council; the Deputy Chair of Council; or the Chair of the Audit, Risk and Assurance Committee.
2. To scrutinise and have authority to approve on behalf of Council:
  - a. The nature and scope of the External Audit;
  - b. The Internal Auditors' audit risk assessment, strategy and programme;
  - c. A policy for the use of External Auditors for non-audit work; and
  - d. Any other policies relating to matters within the Committee's purview, unless covered elsewhere in these terms of reference, or which fall within the remit of another Committee of Council.

3. To receive reports for information and advise Council and / or the Vice-Chancellor as appropriate on:
    - a. Any revisions to the University's Counter-Fraud and Malpractice, Anti-bribery, and Public Interest Disclosure policies, which shall normally be considered in the first instance by the Governance and Compliance Committee;
    - b. Any revisions to the University's Financial Regulations, which shall be proposed and / or considered in the first instance by the Resources and Performance Committee;
    - c. Any matters progressed under the University's Counter-Fraud and Malpractice, Anti-bribery, and Public Interest Disclosure policies, normally once the applicable investigations have concluded;
    - d. The arrangements which are in place to ensure the sustainability of the institution, and to promote value for money (defined as economy, efficiency, and effectiveness);
    - e. The management and quality assurance of data used and submitted for regulatory purposes;
    - f. Other sources of assurance, for example other external reviews; and
    - g. Any relevant reports from Audit Wales, HEFCW and other organisations.
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### Operation

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.

The Committee is authorised by the Council to obtain outside legal or other independent professional advice, via the Clerk to the Council, 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 the Chair of Council. However, it may not incur direct expenditure in this respect of more than £5,000 without the prior approval of the governing body.

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 Council.

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### Reporting

The minutes of meeting of the Audit, Risk and Assurance Committee will be circulated to all members of the governing body as part of the papers for the following Council meeting.

The Committee will prepare its annual report covering the University's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Chair of Council and the Vice-Chancellor, and will summarise the activity for the year. It will give the Committee's opinion of the adequacy and effectiveness of the University'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 (value for money).

The opinion on these matters will be based on the information and assessments presented to the Committee by the auditors and by the University management.

The Committee's annual report should normally be submitted to the governing body before the members' responsibility statement in the annual financial statements is signed.