

Appendix 1 – Audit and Risk Committee Activities

Audit and Risk Committee – What we do and how we do it

- i. We ensure that an effective internal control system, which promotes compliance with the laws and regulations governing the higher education sector, is in place throughout the University and is working satisfactorily; and we review and comment on this in our annual report to Council.*

We do this by:

- Adopting the 3 Line Defence approach – management control, risk control with compliance reporting and an internal audit reassurance service.
- Having the ability to obtain outside legal or other professional advice and to secure the attendance of non-members with relevant experience and expertise.
- Requiring all employees to co-operate with the Committee requests.
- Reviewing the governance effectiveness process every three years.
- Using triangulation to reconcile actual experience with written reports.
- Inviting the Vice Chancellor to attend all meetings.
- As part of their contract of appointment, requiring both the internal and external auditors to attend all meetings.
- Having confidential sessions at least annually with both external and internal auditors and without management present.
- Submitting an annual report to Council.

- ii. We ensure that management systems that facilitate the efficient, effective and economic discharge of the University's activities are maintained.*

We do this by:

- Considering arrangements that support the culture and behaviour within the University to ensure a focus on the student experience.
- Monitoring the financial regulations for procurement.
- Using appropriate benchmarking especially for sector comparisons.

- iii. We consider and advise on the appointment of the internal audit service and the internal audit fee in order to exercise effective oversight of internal audit.*

We do this by:

- Conducting the tender exercise for the appointment of the internal audit service and making recommendations to Council.
- Agreeing key performance indicators for the internal audit service and reviewing them at least annually.

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- iv. We review the internal audit plan, consider major findings of internal audit investigations and management's responses and promote coordination between the internal and external auditors.*

We do this by:

- Agreeing the scope and nature of the annual internal audit plan.
- Considering all internal audit reports, especially focusing on any high or medium recommendations.
- Reviewing management responses to ensure that they meet the agreed recommendations in an effective and timely way.
- As part of their contract of appointment, requiring both the internal and external auditors to attend all meetings.
- Ensuring that all internal audit reports are available to the external auditors.

- v. We monitor the implementation of agreed internal audit-based recommendations.*

We do this by:

- Reviewing the internal tracker of all outstanding recommendations at every meeting.
- Ensuring that the annual plan for internal audit service includes a section for validating the progress on all prior year recommendations.

- vi. We consider the effectiveness of internal control systems and, in particular, review the external auditor's Audit Findings Report, the internal auditors' annual report and management responses.*

We do this by:

- Reviewing in detail the Audit Findings Report from the external auditors including, where appropriate, the management responses to ensure that they are effective and timely.
- Reviewing in detail the Annual Report from the internal auditors including, where appropriate, the management responses to ensure that they are effective and timely.

- vii. We consider the appointment of the external auditors and review the scope of their work annually; we consider and advise Council on the resignation or dismissal of the external auditors.*

We do this by:

- Conducting the tender exercise for the appointment of the external auditors and making recommendations to Council.
- Agreeing each year the external audit plan prior to the audit.
- Agreeing key performance indicators for the external auditors and reviewing them annually.

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viii. We satisfy ourselves that appropriate arrangements are in place to promote economy, efficiency and effectiveness; we provide an annual report to Council in which the Committee gives its opinion of the adequacy of the University's arrangements.

We do this by:

- Considering arrangements that support the culture and behaviour within the University to ensure a focus on the student experience.
- Monitoring the financial regulations for procurement.
- Reporting to Council on the arrangements for the management and quality assurance of data submitted to HESA, OfS, Student Loans and any other required bodies.
- Using appropriate benchmarking especially for sector comparisons.
- Considering the arrangements that ensure the effective management of conflicts of interest.
- Considering the arrangements that enable the appointment of appropriate persons to Council and senior executive positions.
- Submitting an annual report to Council which includes our opinion.

ix. We receive any relevant reports from the National Audit Office and the Office for Students.

We do this by:

- Reviewing these reports and analysing them for their relevance to the University and report to Council, as appropriate.

x. We ensure that all significant losses have been properly investigated and that the internal and external auditors and, where appropriate, the Department for Education and/or Office for Students have been informed.

We do this by:

- Agreeing the most appropriate method to investigate such losses.
- Reviewing the conclusions from the investigation and proposing recommendations to prevent re-occurrence.
- Reporting to Council and appropriate third parties, as necessary.

xi. We oversee the University's policy on fraud and irregularity including being notified of any action taken under that policy; we aim to identify fraud risks and ensure a rigorous assessment of any relevant internal controls and their ability to prevent and/or detect fraud.

We do this by:

- Reviewing the University's policy on anti-fraud and other ethical and behavioural policies
- Including fraud and irregularity in the cycle of regular internal audits.
- Agreeing the most appropriate method to investigate such instances of fraud or irregularity.
- Reviewing the conclusions from the investigation and proposing recommendations

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to prevent re-occurrence.

- Reporting to Council and appropriate third parties, as necessary.

xii. We monitor the performance and effectiveness of internal and external audit against annually assessed performance criteria, including any matters affecting their independence and objectivity.

We do this by:

- Examining the scope and nature of the annual plans for both internal audit and external audit.
- Receiving written confirmation annually from both internal and external auditors of their independence and objectivity.
- Reviewing the performance of auditors against agreed performance indicators.
- Including any Declarations of Interest as a standing item at each meeting.

xiii. We receive a copy of the annual Financial Statements and, if necessary, consider any issues focusing on:

- Appropriateness of accounting policies.
- Changes in accounting policies and practices.
- Major judgmental areas.
- Significant audit adjustments.
- Compliance with accounting standards, legal or other regulations.

When satisfied, we recommend them to Council for approval.

We do this by:

- Reviewing in detail the Audit Findings Report from the external auditors.
- Reporting to Council with our final recommendations.

xiv. We receive reports and approve policies for Risk Management and Value for Money; we consider their soundness and focus on the main issues.

We do this by:

- Considering the most appropriate Risk Management framework for the University and making recommendations to Council.
- Reviewing annually the University's approach to Risk Management and approving changes or improvements to key elements of its processes and procedures.
- Monitoring the implementation and operation of the agreed Risk Management framework - in particular, the management of the Strategic Risks in pursuit of the Strategic Plan.
- Confirming that less significant risks are being actively managed, with the appropriate controls in place and working effectively -ie the effective management of the Operational Risk Register as well local or project risk registers.
- Overseeing policies on ethical and other behaviours including whistleblowing, anti-

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fraud and anti-bribery.

- Designating the Chair of the Audit and Risk Committee as the Designated Officer under the whistleblowing policy.
- Reporting to Council on the effectiveness of Risk Management processes as appropriate
- Considering arrangements that support the culture and behaviour within the University to ensure a focus on the student experience.
- Monitoring the financial regulations for procurement.
- Using appropriate benchmarking especially for sector comparisons.

xv. *We produce an annual report for Council to include the Committee's opinion on the adequacy and effectiveness of the University's risk management, control and governance arrangements and arrangements for promoting economy, efficiency and effectiveness.*

We do this by:

- Reviewing the Audit Findings Report from the external auditors and the Annual Report from the internal auditors to compile the confirmation of activities in the year and assess the level of reassurance this provides.
- Submitting an annual report to Council containing the required opinions.

xvi. *We make recommendations to Council as appropriate.*

We do this by:

- *Reporting to Council in summary terms through the Annual Report and specifically on individual items.*

xvii. *We carry out an annual review of the Committee's effectiveness.*

We do this by:

- *Using the template in the CUC Code and including members, staff and auditors in the review.*