

# STAFFORDSHIRE UNIVERSITY BOARD OF GOVERNORS

## COMMITTEE TERMS OF REFERENCE

<b>AUDIT AND RISK COMMITTEE</b>
<b>Composition</b>
<ul style="list-style-type: none"><li>▪ 4 independent Governors (made up of those not on Sustainability and Resources Committee)</li><li>▪ 1 co-opted Committee member</li></ul>
<b>In Attendance</b>
<ul style="list-style-type: none"><li>▪ Vice Chancellor (Professor Liz Barnes)</li><li>▪ Chief Operating Officer and Clerk to the Board (Ian Blachford)</li><li>▪ Chief Financial Officer (Sally McGill)</li><li>▪ Business Risk Manager (Clare Mayer)</li><li>▪ Internal and External Auditors (one from each)</li><li>▪ Others as appropriate depending upon the internal audit reports</li></ul>
<b>Quoracy</b>
<ul style="list-style-type: none"><li>▪ For a meeting to be quorate, two independent Governors must be present.</li><li>▪ If a meeting is quorate but fewer than half the members present are independent Governors, a majority of those independent Governors present shall be able to require a decision to be deferred to the next meeting. No decision shall be deferred more than once under this process.</li><li>▪ "Independent Governor" refers to a Governor who is not a staff or student Governor.</li></ul>
<b>Special Conditions</b>
<ul style="list-style-type: none"><li>▪ The Committee cannot include any member of the Sustainability and Resources Committee.</li><li>▪ The Vice Chancellor cannot be a member of this Committee. The Chair of the Board of Governors cannot be the Chair of this Committee.</li><li>▪ At the beginning of each meeting, a separate session will be organised for members of the Audit and Risk Committee to meet with the Internal and External Auditors, without the presence of any members of Executive. Auditors may request a private meeting with members of the Committee at any time if they feel it necessary.</li></ul>
<b>No. of Scheduled Meetings Per Year</b>
Four
<b>Monitoring of University-level Risk</b>
<p>The University is committed to implementing a risk management framework, to enable an appropriate and proportionate level of risk management across the University and to ensure that key risk related issues are addressed in a timely fashion.</p> <p>The objectives are to:</p> <ul style="list-style-type: none"><li>• Continuously develop risk management to raise its profile across the University</li><li>• Further integrate risk management into the culture and decision making of the University</li><li>• Manage risk, including the University's risk appetite</li></ul> <p>All of the University risks are overseen by the committee. These are attached as an appendix to these Terms.</p>

### Overview

The Committee shall provide independent assurance to assist the Board of Governors in fulfilling the Board's responsibilities for ensuring the adequacy and effectiveness of the University's arrangements for risk management, control, governance and value for money; and the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA); the Student Loans Company; the Office for Students (OfS) and any successors; and the other funding bodies.

The Committee may investigate any activity within its Terms of Reference, seek any information it requires from members of staff and obtain outside legal or other independent professional advice. All employees are directed to cooperate with any request made by the Committee.

### **Risk Management**

- (a) To satisfy itself that the Committee is aware of all identified risks; to consider whether adequate controls are in place and commission assurance work as required, augmented by other sources where appropriate, to investigate and feedback on whether controls are effective and indeed whether further risks should be added to the risk register.
- (b) To satisfy itself that the University is managing risks in line with the Risk Management Policy.
- (c) To approve the Risk Management Policy on an annual basis, so that it reflects the operations of the University, best practice and assists the embedding of risk management in all operational activities.
- (d) To make recommendations to the Board of Governors on the management of risk within the University.
- (e) To advise the Board of Governors on management of risk within the University as recorded on the Risk Register, ensuring that this is updated regularly and advising the Board of any material changes to this.

### **Control and Governance Arrangements**

- (f) To ensure that the system of internal control is adequate.
- (g) To appoint the internal audit service; to consider and advise on the audit fee, the provision of any non-audit services by the internal auditors and the termination of any such arrangements.
- (h) To consider and advise on the appointment of the external audit service, the audit fee, the provision of any non-audit services by the external auditors and the termination of any such arrangements.
- (i) To review the nature and scope of the internal and external audit service; to monitor the performance and impact of the audit services, addressing any concerns arising from these services, including any matters affecting their objectivity and to make recommendations to the Board of Governors concerning their appointment where appropriate.
- (j) To approve the Annual Internal Audit Plan and monitor its implementation.
- (k) To consider the findings of Internal Audit Reports and management responses, and to monitor the delivery of the agreed actions together with any other related issue the auditor wishes to address.
- (l) To satisfy itself on an annual basis that the University has appropriate arrangements in place for countering fraud and bribery together with the annual approval of the University's policy on Fraud, Bribery and Corruption. Where a fraud, bribery or corruption incident is reported in accordance with the policy, the Audit and Risk Committee will be informed.
- (m) To satisfy itself on an annual basis that the University has appropriate arrangements in place for whistleblowing together with the annual approval of the University's Public Interest Disclosure Policy. Where a whistleblowing incident is reported in accordance with the policy, the Audit and Risk Committee will be informed.
- (n) To satisfy itself that the University has appropriate arrangements in place for the management of the UKVI Regulations and to monitor this on an annual basis. Any breaches of the UKVI

Regulations should be reported to the Audit and Risk Committee, together with any outcomes of inspections undertaken by the UKVI.

- (o) To conduct an annual review of the register of gifts reported by members of the Board of Governors, Executive and Senior Leadership Team.
- (p) To act as the key conduit for the reporting of all serious incidents, both financial and non-financial, as they are identified, and to OfS and any successors. All incidents will also be recorded in the Audit and Risk Committee Annual Report to the Board of Governors and OfS, and any successors. In addition to reporting incidents as they arise, the Executive will undertake a specific annual check each autumn to identify any incidents during the previous academic year that might have been missed, and will report any such incidents to the Audit and Risk Committee.
- (q) To consider any relevant reports from, for example: the National Audit Office; Committee of University Chairs (CUC); AdvanceHE or OfS, and any successors, in order to continually improve the governance of the University.

### **Promotion of Value for Money**

- (r) To satisfy itself that appropriate arrangements are in place to promote economy, efficiency, effectiveness and value for money, through the updating on specific value for money appropriate programmes, the outcomes of internal audit reports and as recorded in the statutory returns.

### **Management and Quality Assurance of Data**

- (s) To satisfy itself that it has effective arrangements for the management and quality assurance of data submitted to HESA, the Student Loans Company, OfS and any successors, and other funding or regulatory bodies
- (t) To consider the integrity of the University's annual financial statements, including the auditor's report, the statement of governors' responsibilities, the corporate governance statement and the statement of internal control, in accordance with accounts directions from OfS, and any successors.

### **Other**





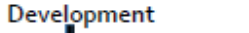





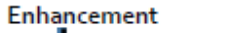


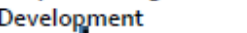













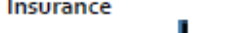
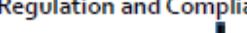
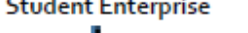
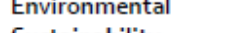

- (u) The Committee is responsible for reviewing the draft Annual Report and financial statements. This includes:
  - receiving the External Auditors' report and meeting with the Auditors;
  - discussing with the Management and the External Auditors matters arising including appropriateness of accounting policies and their application including matters such as provisions and valuations; and
  - compliance with external reporting requirements.

On the basis of the information provided to it, including assurances it has received from the Chief Financial Officer and other members of the Executive; the External Audit Report; the Internal Auditors' Reports; its discussions with the External and Internal Auditors; and the Sustainability and Resource Committee's review of the Annual Report; the Audit and Risk Committee will confirm to the Board of Governors, if it thinks fit, that:

- it is satisfied that the appropriate accounting policies are in place and have been applied;
- it is satisfied that the appropriate processes have been applied with regard to the management and quality assurance of data;
- it is satisfied that the audited Annual Report complies in all material respects with external reporting requirements; and
- it recommends that the Board approves the Annual Report.

- (v) To report to the Board of Governors any matters which might affect the Board's responsibility for the effective and efficient use of resources, the solvency of the University and the safeguarding of the University's assets.
- (w) To ensure that all significant frauds or material losses have been properly investigated and that the internal and external auditors and, where appropriate, the Accounting Officer for OfS, and any successors, have been informed.
- (x) In the event of the 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.
- (y) To consider, on behalf of the Board of the Governors, any other matters as referred to the Committee from time to time by the Board.

**Appendix: Risk Appetites**

Financial HLR 3	Operational HLR 2, HLR 8	Student Experience HLR 5,6, 10, 12	External HLR 1	Strategy and Reputation HLR 1,4,7	Infrastructure HLR 9, 11
Financial Sustainability  Cautious	Health and Safety  Avoid – Cautious	Quality Assurance  Cautious – Moderate	UK Partnerships  Cautious - Moderate	Academic Portfolio Development  Open – Hungry	Business Transformation  Hungry
Investment Strategy  Cautious	Business Continuity  Avoid – Cautious	Employability  Open – Hungry	International Partnerships  Cautious – Moderate	Learning and Teaching Enhancement  Open – Hungry	Digital Capacity  Hungry
Procurement  Cautious	People and Organisational Development  Open	Student Support  Open – Hungry	Employer Engagement  Open – Hungry	Research Funding  Open	Estates  Moderate
Pensions  Cautious	Legal Compliance  Cautious	Student Recruitment  Open - Hungry	Civic Engagement  Open – Hungry		Cyber Security  Cautious
Financial compliance/control  Cautious	Equality Diversity and Inclusion  Cautious – Moderate	Student Satisfaction  Moderate – Open			Commercial Services  Open – Hungry
Insurance  Cautious	Regulation and Compliance  Avoid	Student Enterprise  Open			Environmental Sustainability  Open
Fraud  Avoid					