



St Mary's
University
Twickenham
London

AUDIT COMMITTEE
TERMS OF REFERENCE
2018/2019

1. Purpose

1.1. The purpose of the Audit Committee is to advise the Institution on the adequacy and effectiveness of the University's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness, in accordance with the Articles of Government, the HEFCE Code of Practice, CUC guides and any other agreed best practice within the HE sector.

2. Membership

2.1. At least three non-staff members of the Board of Governors, one will be appointed as Chair by the Board. At least one member should have recent and relevant experience in finance, accounting or auditing.

2.2. Subject to the approval of the Board of Governors, the Committee may co-opt up to two additional members, not employees of the University and with relevant experience, for terms of up to three years.

2.3. A Vice-Chair should be appointed by the Committee from the membership.

*No member of the Audit Committee may also be a member of the Finance and Staffing Committee.

3. In attendance

The Vice-Chancellor (by invitation)

The Chief Operations Officer

Director of Finance

Director of Strategic Planning

The internal auditor

The external auditor as and when required

Other senior staff as and when necessary

Clerk to the Governors (Secretary to the Committee)

4. Quorum

The quorum will be two members of the Committee.

5. Terms of Reference

Activity	How
1. To advise the Board of Governors on the appointment 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.	<ul style="list-style-type: none">• Review of the performance of auditors against agreed performance indicators.• Consideration of tenders for audit services.• Review of planned audit work and related fees.
2. To discuss with the external auditors, before the audit begins, the nature and scope of the audit.	<ul style="list-style-type: none">• Scrutiny of audit strategies and plans in light of the University needs and priorities.
3. To discuss with the external auditors 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).	<ul style="list-style-type: none">• Scrutiny of reports from external auditors and consideration of management responses.• Scrutiny of the management letter to advise the Governing Body on any issues arising from the audit of annual Financial Statements.
4. To consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service (and the head of internal audit, if applicable), 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.	<ul style="list-style-type: none">• Review of the performance of auditors against agreed performance indicators.• Consideration of tenders for audit services.• Review of planned audit work and related fees.
5. To review the internal auditors' audit risk assessment and the audit plan; to consider major findings of internal audit investigations and management's response; and promote co-ordination 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).	<ul style="list-style-type: none">• Review of reports on the Risk Management Framework.• Scrutiny of the audit plan.• Consideration of those issues which are deemed high and medium risk.• Consideration of management responses to all issues and how far they meet criteria to achieve effective control.• Scrutiny of reports from internal and external auditors on areas of

	convergence for co-ordination purposes.
6. To keep under review the effectiveness of risk management, internal control and governance systems, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses.	<ul style="list-style-type: none"> • Regular review of rolling log of outstanding audit items at each meeting. • Scrutiny of the management letter and review of outcomes of plans and how they match plans in the Annual Report. • Review of management responses to address these issues and consideration of how far they will be effective.
7. To review the arrangements for the management and quality assurance of data returns submitted to HESA, Office for Students/HEFCE, the NCTL, Student Loans Company and other funding bodies as appropriate and to ensure appropriate arrangements for the management of the publicly available data such as the Key Information Sets and other requirements that may be made from time to time.	<ul style="list-style-type: none"> • Production of reports scrutinised by the Committee and formally approved for submission to the Board.
8. To monitor the implementation of agreed audit-based recommendations, from whatever source.	<ul style="list-style-type: none"> • Receipt of ad-hoc reports from management to consider whether issues have been addressed and their effectiveness.
9. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the Office for Students, have been informed.	<ul style="list-style-type: none"> • Production of reports scrutinised by the Committee and formally approved for submission to the Board. • Receipt of ad-hoc reports on key issues of high risk. • Consideration of the issues giving rise to the losses.
10. To oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy.	<ul style="list-style-type: none"> • Inclusion of a specific item on issues reportable from prevention of fraud policy.
11. To satisfy itself that suitable arrangements are in place to promote economy, efficiency and effectiveness.	<ul style="list-style-type: none"> • Consideration of specific reports on Value for Money.
12. To receive any relevant reports from the National Audit Office, Office for Students/HEFCE and other organisations.	<ul style="list-style-type: none"> • Receipt of ad-hoc reports and advice to the Board on high risk issues as necessary.
13. To monitor annually the performance and effectiveness of external and internal auditors, and to make recommendations to the	<ul style="list-style-type: none"> • Agreement to standard performance indicators for all auditors. • Formal consideration of performance through review of

governing body concerning their reappointment, where appropriate.	performance against agreed indicators.
14. To consider elements of the annual financial statements in the presence of the external auditor, including the auditor's formal opinion, the statement of members' responsibilities and corporate governance statement and the statement of internal control, the accounting policies used to draw up the accounts and risk management statements in accordance with the Office for Students/HEFCE accounts directions.	<ul style="list-style-type: none"> • Scrutiny of the management letter to advise the Governing Body on issues arising from the audit of the financial statements. • Scrutiny of all statements and all key outcomes. • Consideration of management response to all issues that may arise.
15. To oversee the effectiveness and the operation of the University's policies on public interest disclosure.	<ul style="list-style-type: none"> • Inclusion of a specific item on issues reportable from public interest disclosure policy.
16. To oversee cyclical reviews of the effectiveness of the Board of Governors and its committees.	<ul style="list-style-type: none"> • Formal annual review of annual cycle of business.

6. Method of Operation

6.1. The Committee will meet at least four times per year and will report to each meeting of the Board of Governors.

6.2. The Committee will prepare an annual report covering the institution's financial and any significant issues up to the date of preparing the report. The report will be addressed to the Board of Governors and the Vice Chancellor, summarising the activity for the year. It will give the Committee's opinion on the adequacy and effectiveness of the University's arrangements for the following:

- risk management, internal control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts)
- the arrangements for promoting economy, efficiency and effectiveness (value for money)
- the arrangements for the management and quality assurance of data submitted to HESA, Office for Students/HEFCE, SLC and other funding bodies.

6.3. This opinion should be based upon the information presented to the Committee. The audit committee annual report should normally be submitted to the Board of Governors before the Members' responsibility statement in the annual financial statements is signed.

7. Powers of the Committee

7.1. The Committee is authorised by the Board of Governors 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.

7.2. The Committee is authorised by the Board of Governors, normally in consultation with the Clerk to the Governors, to 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 designated officer and/or Chair, or in his absence the Vice-Chair, of the governing body. However, it may not incur direct expenditure in this respect in excess of £5,000 per commitment without the prior approval of the Chair or Vice Chair of the Board of Governors.

7.3. The Audit Committee may review the draft annual financial statements in full. Where reviewed, the Committee should consider the external audit opinion, the statement of Members' responsibilities, the corporate governance statement, the statement of internal control, the accounting policies used to draw up the accounts and any relevant issue raised in the external auditor's 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 Board of Governors.

8. Review of Terms of Reference

8.1. These Terms of Reference shall be subject to a formal annual review.

Approved by the Board of Governors

October 2018

Appendix 1

AUDIT COMMITTEE – ANNUAL CYCLE OF BUSINESS

Item of Business	Meeting 1 (September)	Meeting 2 (November)	Meeting 3 (March)	Meeting 4 (June)
Internal Audit Plan (for following year)	✓			
Internal Audit Fieldwork Reports	✓		✓	✓
Internal Audit Progress Report	✓	✓	✓	✓
Internal and External Progress Report on implementation of audit actions	✓	✓	✓	✓
Internal Audit Annual Report	✓ draft	✓ final		
Internal Audit Annual Assessment		✓		
External Audit Annual Assessment		✓		
External Audit Management Letter		✓		
External Audit Planning Arrangements				✓
Audit Committee Annual Report		✓ final		
Risk Management Progress Report	✓	✓	✓	✓
Draft Report and Accounts		✓		
Annual Reports and Action Plans VFM & Procurement	✓VFM	✓	✓	
Annual meeting, Committee Members and representatives of Internal and External Audit		✓		
Issues Reportable from Prevention of Fraud Policy	✓	✓	✓	✓
Issues Reportable from Public Interest Disclosure Checklist	✓	✓	✓	✓
Review of Terms of Reference	✓			

Note: *This schedule details the timing of the regular business. It does not include all other, irregular business of the Committee.*