**BIRMINGHAM NEWMAN UNIVERSITY**

**AUDIT AND RISK COMMITTEE – TERMS OF REFERENCE**

*Last reviewed by the Audit and Risk Committee: 14 November 2024*

1. **Audit** **and Risk Committee**
   1. Scope

It is the role of the Audit & Risk Committee (the ‘Committee’) to advise and assist Council in respect of the entire assurance and control environment of the University.

* 1. Authority

The Committee is authorised by Council to investigate any activity within its terms of reference. It is authorised to seek out any information it requires from any employee and all employees are directed to cooperate with requests made by the Committee.

The Committee is authorised by Council 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 Vice Chancellor and/or Chair of the Council. However, it may not incur direct expenditure in this respect without the prior approval of the Chair of Council or the Vice-Chancellor, as appropriate.

* 1. Clerking

The clerk to the Committee will be the Secretary to Council, or their nominee.

* 1. Review

The Committee should periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and recommend any necessary changes to Council.

* 1. Minutes

The minutes (or a report) of meetings of the Committee will be circulated to all Governors.

* 1. Membership

The Committee shall be appointed by the Council from among Council’s own membership. The Committee must consist of independent Governors with no executive responsibility for the management of the University. There shall be no fewer than three members, at least one of whom should have a background in finance, accounting or auditing.

Members of the Committee may not be members of the Finance and General Purposes Committee unless:

* that member is neither the Chair of the Audit and Risk Committee or the Finance & General Purposes Committee; and
* such membership is the subject of an explicit, recorded resolution of the Council.

Members should not have significant interests in the University.

The Committee may, if it considers it necessary or desirable, co-opt external members. Co-opted members will have the same voting rights as all other members of the Committee and shall count towards the quorum.

* 1. Quorum

The quorum for meetings of the Committee shall be two independent Governors or one independent governor and one external co-opted member.

* 1. Frequency

Meetings shall normally be held three times each academic year. The external auditors or Committee Clerk may request that an extraordinary meeting be held.

* 1. Attendance at meetings

The Chief Finance Officer, the head of internal audit and a representative of the external auditors shall normally attend meetings where business relevant to them is discussed. 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 Committee Clerk.

The Committee notes the benefits of the attendance of the external and internal auditors at meetings, regardless of whether they present Committee business.

While the Vice-Chancellor is not a member of the Committee, there is an open invitation for to the Vice-Chancellor to join every meeting.

* 1. The Terms of Reference of the Committee are:

1. To 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; to review and comment on this in its annual report to Council.
2. To ensure that management systems that facilitate the efficient, effective and economic discharge of the University’s activities are maintained.
3. To consider and advise on the appointment of the internal audit service and the internal audit fee; to exercise effective oversight of internal audit.
4. To review the internal audit plan, consider major findings of internal audit investigations and management’s responses and to promote coordination between the internal and external auditors.
5. To monitor the implementation of agreed internal audit-based recommendations.
6. To 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.
7. To consider the appointment of the external auditors and to review the scope of their work annually; to consider and advise Council on the resignation or dismissal of the external auditors.
8. To satisfy itself that appropriate arrangements are in place to promote economy, efficiency and effectiveness; to provide an annual report to Council in which the Committee gives its opinion of the adequacy of the University’s arrangements.
9. To receive any relevant reports from the National Audit Office and the Office for Students.
10. To 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.
11. To oversee the University’s policy on fraud and irregularity including being notified of any action taken under that policy; to identify fraud risks and ensure a rigorous assessment of any relevant internal controls, and their ability to prevent and/or detect fraud.
12. To monitor the performance and effectiveness of internal and external audit against annually-assessed performance criteria, including any matters affecting their independence and objectivity.
13. To 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, recommend them to Council for approval.

1. To receive reports and approve policies for Risk Management and Value for Money; to consider their soundness and focus on the main issues.
2. To 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.
3. To make recommendations to Council as appropriate.
4. To carry out an annual review of the Committee’s effectiveness.