

Audit & Risk Committee Terms of Reference

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Version 1.3

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1.0	Issue raised in discussion of at the GB of 31 May 2022 (see minutes of that meeting)	1.1
1.1	Points raised in subsequent discussion with Governing Body – June 2022	1.2
1.2	Review of terms of reference by Audit & risk committee	1.3

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1. Introduction

South East Technological University (SETU) Governing Body has established an Audit and Risk Committee as a committee of the Governing Body to support them in their responsibilities with regard to governance in respect of audit, risk and compliance. This is achieved by reviewing the comprehensiveness of assurances received from management in respect of meeting the Governing Body's and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

While the Governing Body has a duty to act in SETU's interest, the Audit and Risk Committee has a particular role, acting independently of the university's management, to ensure that the interests of Government and other stakeholders are fully protected in relation to business, financial reporting, and internal control.

The Governing Body pledges its full support to the Audit and Risk Committee in discharging the authorities and responsibilities contained in these terms of reference. Further, it respects the independence of the Audit and Risk Committee and undertakes to provide adequate resources to enable the Committee to properly discharge its function. Whilst the Governing Body has delegated the authority to the Audit and Risk Committee to monitor and review the responsibilities set out in these terms of reference, the Governing Body remains accountable for all Audit and Risk Committee actions. The Audit and Risk Committee, acting on behalf of the Governing Body, will have explicit authority to investigate any matters within its terms of reference.

2. Membership

The members of the Audit and Risk Committee are:

- Up to three external members of the Governing Body, one of whom shall be the Chair;
- Four independent external members;
- The Governing Body will appoint the Audit and Risk Committee members and the Chair on the joint nomination of the Chairperson of the Governing Body and the President of the University;
- In making the appointments, the Governing Body shall have regard to relevant skills, qualifications and experience and gender balance provisions (being, the objective that at least 40 per cent of members of the Audit and Risk Committee shall be female and at least 40 per cent shall be male). At least one of the external independent members shall be a qualified accountant.

3. Duration of Appointments

3.1 Period of appointments will be the following:

- For external members of the Governing Body, their membership will coincide with one term of membership of Governing Body.
 - For independent external members, their membership will be for three years, with an option for re-appointment for a further two years.
- 3.2 A Governing Body member will cease to be a member of the Audit and Risk Committee if this member ceases to be a member of the Governing Body.
- 3.3 An independent external member will cease to be a member of the Audit and Risk Committee if the member:
- is discharged bankrupt;
 - has been convicted of any indictable offence in relation to a company or any other body corporate;
 - has been convicted of an offence involving fraud or dishonesty;
 - has had a declaration under section 819 of the Companies Act 2014 made against them or is deemed to be subject to such a declaration by virtue of Chapter 5 of Part 14 of that Act;
 - is subject or is deemed to be a subject to a disqualification order, within the meaning of Chapter 4 of Part 14 of the Companies Act 2014, whether by virtue of that Chapter or any other provision of that Act.

4. Secretary

The Internal Auditor will be the Secretary to the Audit and Risk Committee.

5. Meetings

- 5.1 The Audit and Risk Committee will meet as many times as is required, but at least four times a year.
- 5.2 All members are expected to attend each meeting. A member of the Audit and Risk Committee who is absent from all meetings of the Audit and Risk Committee for a period of six consecutive months, unless such absence was due to illness or was approved by the Audit and Risk Committee, shall be disqualified at the expiry of such period from continuing to be a member of the Audit and Risk Committee for the remainder of that person's term of office.
- 5.3 The Audit & Risk Committee may hold or continue a meeting by the use of any means of communication by which all members can hear and be heard at the same time (referred to as an electronic meeting). A member of the Audit and Risk Committee who participates in an electronic meeting is taken for all purposes to have been present at the meeting.
- 5.4 The Audit and Risk Committee may require other persons (e.g. a representative of the Office of the Comptroller and Auditor General) to attend specific meetings of the Audit and Risk Committee.

- 5.5 The Audit and Risk Committee may ask any other staff members of the University, such as Vice Presidents for Corporate Affairs and Finance, to attend to assist the Committee with its discussions on any particular matter.
- 5.6 The Audit and Risk Committee may ask any or all of those who normally attend but who are not members to withdraw from specific meeting or agenda items to facilitate open and frank discussion of particular matters.
- 5.7 The Governing Body may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice.

6. Minutes of Meetings

The secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance. Draft minutes shall be circulated to all members of the Committee, and subsequently approved by all members.

7. Conflict of Interest

At each meeting, members must disclose if they have an actual, perceived or potential conflict of interest and, where necessary, agree any interventions that may be required to manage that conflict.

8. Quorum

A minimum of 3 members of the Audit and Risk Committee, to consist of at least one external member of the Governing Body and at least one independent external member, will be present for the meeting to be deemed quorate.

9. Internal Audit Function

- 9.1 The Audit and Risk Committee is responsible for ratifying the appointment of a properly constituted independent internal audit function.
- 9.2 An internal audit unit may be provided through either or a combination of:
- the appointment of an appropriately qualified professional services firm, or
 - an independent internal audit function established within SETU. In this case the internal auditor will report to the Committee for the discharge of their functions.

10. Responsibilities

The Audit and Risk Committee will have responsibility for and provide assurances to the Governing Body on the following:

10.1 Statutory Audit

10.1.1 The appropriateness of the systems, controls and regulations that are in place to ensure an effective system of internal control is maintained and operated by the University, and confirm the review of the Statement of System of Internal Control.

10.1.2 The consolidated financial statements and associated reports including the Letter of Representation, with particular regard to compliance with accounting standards, accounting policies, areas requiring judgement, significant or unusual transactions. This assurance should include an assessment of whether the financial statements are complete and provide an **accurate** view of the financial position of the University.

10.1.3 The relationship with the C&AG;

10.1.4 Meeting with the C&AG annually;

10.1.5 The relationship between internal and external Statutory Auditors;

10.1.6 The adequacy of management responses to issues identified by audit activity, including the matters raised in the Office of the Comptroller and Auditor General's management letter.

10.2 Internal Audit & System of Internal Controls

10.2.1 The effectiveness of the internal audit function and/or service as appropriate including any associated procurement or recruitment processes;

10.2.2 The internal audit work programme which will be approved in advance by the Committee and have due regard to the Audit Universe (Appendix A) and the Risk Register.

10.2.3 The effectiveness of the internal audit work programme and the outcome of all associated reports including monitoring progress in relation to implementation or recommendations from such reports;

10.2.4 The application and effectiveness of the internal control framework.

10.3 Other

10.3.1 Review of anti-fraud policies, and arrangements for special investigations;

10.3.2 Overview of all external audits e.g. EU Audits, SFI, EI etc.

10.3.3 Review and consideration of assurance from each subsidiary CEO and Chair on the effective implementation of risk management and internal control practices, obtain reports from the subsidiary companies and review the annual statements of internal control and governance statements of subsidiary companies prior to inclusion in consolidated statements;

10.3.4 The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Governing Body, at least annually.

11. Disclosure Responsibilities

The Audit and Risk Committee is committed to promoting an open culture of integrity and accountability within the University. The Audit and Risk Committee is a channel through which issues of concern regarding operations within the University can be raised, and the Committee will facilitate investigation where deemed appropriate.

The Audit and Risk Committee responsibilities further include:

- 11.1 Review and recommend the approval of the protected disclosure policy and procedures;
- 11.2 Support the Chair of the Audit & Risk Committee in their role as recipient of protected disclosures as required by the policy;
- 11.3 Accept any disclosure made to the Audit and Risk Committee, where appropriate, once all other appropriate channels, including HR processes, have been exhausted.

12. Risk Management

- 12.1 Recommend the approval of the Risk Management Policy and the Risk Appetite to the Governing Body;
- 12.2 Review of risk processes and registers to ensure that risks are captured, considered, controlled and mitigated as appropriate;
- 12.3 Through monitoring ensure the effectiveness of risk management with particular reference to strategic objectives.

13. Reporting

- 13.1 The Committee will provide a structured written annual report to the Governing Body which will include an outline of activities undertaken for the previous year, plans for the upcoming year and all other relevant information.
- 13.2 The Committee will report to SETU Governing Body any circumstances where the Committee is not satisfied with the assurances provided by University management, or management of subsidiary companies. It will be for the Governing Body to decide the most appropriate course of action which may include identification of such matters in the consolidated statement of internal control.

14. Rights

14.1 The Audit and Risk Committee may:

- Co-opt additional members to provide specialist skills, knowledge and experience, subject to Governing Body approval;
- Procure specialist ad-hoc advice at the reasonable expense of the University, subject to budgets agreed by the Governing Body;
- Investigate any matter within its terms of reference, be provided with the resources it needs to do so and have full access to all information.

15. Access

15.1 The Internal Audit function and the representative of the Office of the Comptroller and Auditor General will have confidential access to the Chairperson of the Audit and Risk Committee in relation to activities associated with these terms of reference.

15.2 The Chairperson of the Audit and Risk Committee and the Internal Auditor may meet with the President to discuss any relevant matters that are under the remit of the Committee.

16. Information Requirements

16.1 As and when appropriate, the Audit and Risk Committee will be provided, with:

- A report summarising any significant changes to the University's strategic risks and a copy of the strategic/corporate Risk Register;
- A progress report from Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from the work of internal audit;
 - management response to audit recommendations;
 - changes to the agreed internal audit plan; and
 - any resourcing issues affecting the delivery of the objectives of internal audit.
- A report (written/verbal) from the Office of the Comptroller and Auditor General summarising work done and emerging findings;
- Management assurance reports; and
- Reports on the management of major incidents and lessons learned.

16.2 As and when appropriate the Audit and Risk Committee will also be provided with:

- Proposals for the terms of reference of internal audit;
- The internal audit charter;
- The internal audit strategy;

- Internal Audit Reports;
- Quality assurance reports on the Internal Audit function;
- The draft financial statement reporting pack of the organisation;
- The draft annual governance statement;
- A report on any changes to accounting policies;
- Office of the Comptroller and Auditor General's management letter;
- A report on any proposals to tender for audit functions, where appropriate;
- A report on co-operation between internal and external audit;
- The Institute's risk management strategy;
- Other audit reports / assignments;
- Requested special reports.

17. Review of terms of reference

These terms of reference will initially be reviewed annually.

Appendix A – Audit Universe

THE INTERNAL AUDIT UNIVERSE							
Governance		Finance	HR	Academia	Research & Development	IT	Building & Estates
Governance	Corporate	Income	Employment Control Framework	Curriculum	Innovation/Incubation	Contract Management	Health & Safety
Code of Governance	Strategic Plan KPIs	Budgeting	Payroll	Academic Quality	External Engagements	Business Continuity	Campus Maintenance
TU Act 2018	Risk management	Financial Controls	Pensions	Planning of course delivery	Alumni	IT Security	Campus Development
Best Practice Guidelines	Quality	Expenses Policy	Records Management	Student Experience	Intellectual Property/tech Transfer	IT Change Management	Space management- Room renting
Subsidiary Companies	Internal Audit	Procurement	Staff performance/Development	Admissions/examinations	Research & Consultancy	Windows AD	Timetabling
Academic	Internal Control Framework (ICF)	Treasury	Recruitment (ECF)	Records management	3rd party Contract Compliance	IFC Section 3.4 & 6.3	Fixed Assets
Institutional review/Enhancement Plan	Follow Up Review	Resource Allocation	Industrial relations	Library	IFC Section 3.3.2		Facilities & Contract Management
Pragmatic Review	Policy framework	IFC - Sections 4,5.3, 5.4, 6.2	Student Employment	Marketing	Subsidiary Companies/Joint Ventures		IFC Sections 5.4 & 6.1
Course Approval process	Major Returns	Income Generation	Leave management	Timetabling/Utilisation reporting	Internal Controls		
Academic Quality Procedures	Annual Return/programmes & Budgets	Space Management - Room Renting - Student Accommodation	Non-Salaried Staff	IFC Section 3.3	Risk Framework Review		
Academic Student Regulations	Public Sector Numbers/quotas (ECF)	Life Long Learning	HR Policies		Governance Structures & Oversight		
Committees	Unit Costing & RGAM		IFC Section 3.1, 3.2				
Governing Body	Space Utilisation/Energy Efficiency						
GB Committees	HEA Student Record System (SRS)						
Executive Board	IFC - Sections 2,5,6.3, &6.4						
Academic Council							