



Swansea University
Prifysgol Abertawe

AUDIT, ASSURANCE AND RISK COMMITTEE

1. Reporting

The Audit, Assurance and Risk Committee reports to the Council.

The minutes of the meetings of the Committee will be circulated to all members of Council at the next meeting and separately to the Chairs of the Council, the Finance & Strategy Committee and Remuneration Committee as soon as they are available.

In addition the agenda of meetings of the Committee will be circulated to the Chair of Council and Vice-Chancellor.

The Committee will prepare an annual report for Council covering the University's financial year and any significant issues up to the date of preparing the report. The report will summarise the activity for the year. It will give the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for the following:

- risk management, culture, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts); and
- sustainability, economy, efficiency and effectiveness (value for money).

This opinion should be based on the information presented to the Committee. The annual report should normally be submitted to Council before the members' responsibility statement in the annual financial statements is signed. The report will usually be published after consideration by Council.

The Committee will prepare an annual cycle of business to ensure that the Committee can clearly demonstrate in its Annual Report how it has discharged its responsibilities as set out in its Terms of Reference and in line with the CUC Higher Education Audit Committee Code of Practice¹.

2. Occurrence

The Audit, Assurance and Risk Committee should normally meet four times a year. Special meetings may be called by the Chair of the Committee or at the request of the External Auditors and/or Head of Internal Auditor. The Committee shall use email circulation or telephone/video conferencing as appropriate to progress its business effectively.

3. Composition

¹ CUC Higher Education Audit Committee Code of Practice is available at <https://www.universitychairs.ac.uk/publications/>

The Audit, Assurance and Risk Committee membership should consist of:

- A Lay Member of Council (Chair);
- Three Lay Members of Council;
- Up to two co-opted lay members.

All members of the Committee and its Chair should be appointed by Council, on the recommendation of the Governance and Nominations Committee, from among its own members, and must consist of members with no executive responsibility for the management of the University. The Committee **must** be composed of a majority of Lay members. Members should not have significant interests in the University. At least one member should have recent relevant experience in finance, accounting or auditing. The Committee may, if it considers it necessary or desirable, co-opt members with relevant expertise. There should be 'due regard' to the provisions of the Equality Act 2010.

A structured induction programme should be provided for new members of the Committee which includes:

- the provision of a reference file including relevant background and reference material;
- one-to one briefing sessions with the Chair of the Committee, the Registrar and Chief Operating Officer, the Head of Internal Audit and the Secretary to Council and/or Secretary to the Committee (if different);
- any appropriate external induction and training events.

There should also be an ongoing programme of activity to ensure that members, particularly co-opted committee Lay members, maintain enough appropriate contact with the University.

The Secretary to the Audit, Assurance and Risk Committee should be the Secretary to Council (or another appropriate independent individual).

The Chair of Council and the Chair of the Finance and Strategy Committee should not be members of the Audit, Assurance and Risk Committee. Whilst members the Audit, Assurance and Risk Committee are not typically members of any other committee of the University, cross membership is not precluded provided the members are not the Chairs of Committees. Where there is cross-membership the roles and responsibilities of each committee should be clearly defined.

4. Terms of Office

Members of the Audit, Assurance and Risk Committee should be appointed for 4 years in the first instance, with the possibility of appointment for a second term of no more than 4 years.

5. Attendance

The Registrar and Chief Operating Officer, Director of Finance, Head of Internal Audit, and University Risk Manager and the External Auditors should normally attend meetings where business relevant to them is to be discussed. At the discretion of the Chair other University officers, as may be appropriate, shall be invited to attend meetings.

The Audit, Assurance and Risk 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 Secretary to Council. The Committee should routinely have a member-only session before each meeting, should meet with the auditors without the Executive present at the start at each meeting to discuss anything the auditors might wish to keep private,

and at the end of each meeting should meet with the Executive without the auditors present to raise any further private matters. At least once a year, the Committee should meet separately with the External Auditors and the Head of Internal Audit without the Executive present, other than the Secretary to Council.

The Head of Internal Audit and the External Auditors should have an unrestricted right of access to the Committee and the Chair and have the right to ask the Chair to convene a special meeting of the Committee if necessary.

6. Quorum

Three members of the Audit, Assurance and Risk Committee will form a quorum.

7. Authority

The Audit, Assurance and Risk Committee is authorised by Council 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 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 Council. However, it may not incur direct expenditure in this respect without the prior approval of Council.

The Committee is authorised to approve all audit planning documents on behalf of Council. The Committee will review the audit of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the External Auditors' 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 governing body.

The Committee should liaise with other Council Committees, as appropriate and may receive requests for assurance from other Council Committees.

8. Purpose

The role of the Audit, Risk and Assurance Committee is to advise and assist Council in respect of the entire assurance and control environment of the University. In respect of the issues within its terms of reference, the Audit Committee has the authority to make recommendations to the University, its organisational units and its members.

9. Terms of Reference

The duties of the Committee shall be:

- (a) To advise Council 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.

- (b) To discuss with the External Auditors, before the audit begins, the nature and scope of the audit and to agree an annual Audit Plan.
- (c) 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 or the Committee itself may wish to discuss (in the absence of the management where necessary).
- (d) To consider and advise the Council 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.
- (e) To review the Internal Auditors' audit risk assessment, strategy and audit plan; to receive periodic reports on the results of the Internal Auditors' work; to consider major findings of internal audit investigations and management response; and to promote co-ordination between the Internal and External Auditors. The Committee will ensure that the resources made available for Internal Audit are enough to meet the University's needs (or make a recommendation to Council as appropriate). The Committee will review the Internal Audit Service every three years to ensure that it is performing efficiently, effectively and economically and submit a report to Council.
- (f) To keep under review the effectiveness of the risk management, culture, control, and governance arrangements, and to review the External Auditors' management letter, the Internal Auditors' annual report, and the management responses and, where appropriate, to confirm with the Internal and External Auditors that the effectiveness of the internal control system has been reviewed, comment on this in its annual report to Council and be informed of all major changes to internal control systems.
- (g) To monitor the implementation of agreed audit-based recommendations, from whatever source.
- (h) To ensure that all significant losses have been thoroughly investigated and that the Internal and External Auditors - and where appropriate HEFCW - have been informed.
- (i) To oversee² the University's policies related to ethical and other behaviours, including whistleblowing, anti-bribery, material adverse or reportable events, fraud and irregularity etc. – including being notified of any action taken under these policies³ (see Appendix 2 of the CUC HE Audit Committee Code of Practice attached). To highlight whistleblowing as a standing item on the agenda for each Committee meeting and to monitor staff awareness and usage of the Whistleblowing policy, and to have an understanding of University's broader culture and values (e.g. through internal audit reports and staff surveys);
- (j) To satisfy itself that suitable arrangements are in place to ensure the sustainability of the University and to promote economy, efficiency and effectiveness (value for money). This

² 'To oversee' encompasses ensuring the University has relevant policies related to ethical and other behaviours, that such policies appear sensible, are operating and staff are aware of them, that appropriate key reporting roles are identified and are regularly reviewed.

³ There will be a standing items on the agenda to provided assurance to the membership on key issues including any actions taken under these policies related to ethical and other behaviours.

will include compliance with the legal and regulatory framework that the University operates within. This should include consideration of arrangements that:

- a) support the culture and behaviour that is prevalent within the institution;
 - b) ensure the effective management of conflicts of interest; and
 - c) enable the appointment of 'fit and proper persons' to the Council and Senior Executive positions.
- (k) To satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.
- (l) To receive any relevant reports from the National Audit Office, HEFCW and other organisations.
- (m) To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to Council concerning their reappointment, where appropriate.
- (n) To monitor other relevant sources of assurance, for example other external reviews.
- (o) To consider elements of the annual financial statements in the presence of the external auditors including the auditors' formal opinion, the statement of the members' responsibilities and the statement of internal control, in accordance with HEFCW's *Accounts Direction*.
- (p) In the event of the merger or dissolution of the University, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.
- (q) To periodically (and at a minimum of every four years) undertake a review of its terms of reference and its own effectiveness and to recommend any necessary changes to Council (see Appendix 3 of the CUC HE Audit Committee Code of Practice);
- (r) To be aware of the University's broader social and environmental responsibilities.

[These Terms of Reference have been drawn up with reference to the CUC HE Audit Committee Code of Practice.]

Last Review Date: 30 November 2020

Next Review Date: 29 November 2021