

UNIVERSITY OF HERTFORDSHIRE HIGHER EDUCATION CORPORATION

AUDIT AND RISK COMMITTEE

(Amendments to the version published previously are shown in italics.)

A QUORUM

3, of whom **2** shall be Independent Members of the Board.

B ARTICLES OF GOVERNMENT

The Articles of Government provide as follows:

"5 DELEGATION OF FUNCTIONS AND COMMITTEES

5.1 Subject to the following provisions of this Article, the Board of Governors may establish committees for any purpose or function, other than those assigned elsewhere in these Articles to the Vice-Chancellor or to the Academic Board, and may delegate powers to such a committee or to the Chairman of the Board of Governors or to the Vice-Chancellor.

5.2 The Board of Governors shall establish:

- (a) a committee, the membership of which shall be drawn from members of the Board other than staff and student governors, to determine and advise the Board on matters remitted to it by the Board relating to employment policy, in respect of staff other than those for whom the Board has direct responsibility;
- (b) a committee, the membership of which shall be drawn from members of the Board other than staff and student governors, to determine and advise the Board on matters remitted to it by the Board relating to financial policy;
- (c) an audit committee in accordance with guidance issued by the " Committee of University Chairs (CUC) in its Higher Education Audit Committees Code of Practice.

C TERMS OF REFERENCE

C.1 The Board of Governors adopted the model terms of reference set out in the HEFCE Audit Code of Practice (HEFCE 2017/08) and which were updated in September 2020 to reflect changes made in the CUC Code, save and except that these have been adjusted to be directional rather than advisory:

1 Authority

- 1.1 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.
- 1.2 The Audit and Risk Committee is authorised by the Board of 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 of the Board of Governors. However, it may not incur direct expenditure in this respect in excess of £25,000 without the prior approval of the Board of Governors.

Audit and Risk Committee

Last amended: *16 September 2024*

References: Board of Governors Minutes: 19.1.2, 28.4,114.5, 209.2, 354.2, 496.1.5, 519.1.2, 532, 557.1.5, 630.4, 672.2, 747.5.1, 883.5; 969; 970; 19.6 and 22.4; 154.4 and 158.7, 26 November 08, 221.2.8, and 229.6, 25 June 09; 243, 20 October 09, 362, 23 June 10, 479, 22 March 11; 560.1.2, 21 June 2011, 827, 9 July 2012; 938.5.2, 29 January 2013; 215.1, 8 July 2014; 287.3, 13 November 2014, 411, 7 July 2015 and 780, *17 November 2017* refer

Finance and General Purposes Committee Minutes: 4, 14.2 and 159.1.2 refer.

- 1.3 The Audit and Risk Committee will review the draft annual financial statements. Where reviewed, the Committee shall consider the external audit opinion, the statement of members' responsibilities, the corporate governance statement and any relevant issue raised in the external auditor's management letter. The Committee shall, 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.

2 Duties

- i 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.
- ii To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.
- iii 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).
- iv 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.
- v To review the internal auditors' audit needs 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 receive assurances from the Vice-Chancellor 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).
- vi To keep under review the effectiveness of risk management, control and governance arrangements, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses.
- vii To monitor the implementation of agreed audit-based recommendations, from whatever source.
- viii To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS has been informed.
- ix To oversee the University's policy on fraud and irregularity including being notified of any action taken under that policy.
- x To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and to ensure the sustainability of the institution.

Audit and Risk Committee

Last amended: 16 September 2024

References: Board of Governors Minutes: 19.1.2, 28.4, 114.5, 209.2, 354.2, 496.1.5, 519.1.2, 532, 557.1.5, 630.4, 672.2, 747.5.1, 883.5; 969; 970; 19.6 and 22.4; 154.4 and 158.7, 26 November 08, 221.2.8, and 229.6, 25 June 09; 243, 20 October 09, 362, 23 June 10, 479, 22 March 11; 560.1.2, 21 June 2011, 827, 9 July 2012; 938.5.2, 29 January 2013; 215.1, 8 July 2014; 287.3, 13 November 2014, 411, 7 July 2015 and 780, 17 November 2017 refer

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- xi To receive any relevant reports from the National Audit Office, OfS and other organisations.
- xii To monitor annually the performance and effectiveness of external and internal auditors, and to make recommendations to the Board of Governors concerning their re-appointment, where appropriate.
- xiii 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 any corporate governance statement. This responsibility should be extended to include consideration of internal control and risk management statements.
- xiv 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.
- xv To satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies.
- xvi To monitor other relevant sources of assurance (e.g. other external reviews).
- xvii To provide assurance to the Board on the University's compliance with OfS on-going conditions of registration.

3 Reporting Procedures

The minutes of meetings of the Committee shall be circulated to all members of the Board of Governors.

The Committee will prepare an annual report for the University's financial year. The report will be addressed to the Board of Governors and designated Officer, summarising the activity for the year. It will give the Committee's opinion on the extent to which the Board of Governors may rely on the internal control and risk management system and the arrangements for securing economy, efficiency and effectiveness. (This opinion should be based upon the information presented to the Committee). The Audit and Risk Committee annual report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed.

C.2 Additional responsibilities

C.2.1 The Board of Governors has assigned the following additional responsibilities to the Audit and Risk Committee.

- i To ensure compliance with the OfS Terms and Conditions of Funding and any other relevant legislation or regulation.
- ii To receive the audited accounts of the Students' Union, to make recommendations to the Board of Governors on the level of allocation to be made to the Students' Union¹ and to undertake preliminary consideration of matters relating to the constitutional position of the Students' Union and compliance with the Education Act (1994) and other relevant legislation.

¹ Approved with effect from 25 June 2009, Minute 221.2.8, ii, Board of Governors, 25 June 2009, refers.

Audit and Risk Committee

Last amended: 16 September 2024

References: Board of Governors Minutes: 19.1.2, 28.4, 114.5, 209.2, 354.2, 496.1.5, 519.1.2, 532, 557.1.5, 630.4, 672.2, 747.5.1, 883.5; 969; 970; 19.6 and 22.4; 154.4 and 158.7, 26 November 08, 221.2.8, and 229.6, 25 June 09; 243, 20 October 09, 362, 23 June 10, 479, 22 March 11; 560.1.2, 21 June 2011, 827, 9 July 2012; 938.5.2, 29 January 2013; 215.1, 8 July 2014; 287.3, 13 November 2014, 411, 7 July 2015 and 780, 17 November 2017 refer

Finance and General Purposes Committee Minutes: 4, 14.2 and 159.1.2 refer.

- iii To monitor compliance and as necessary, to receive reports to enable it to fulfil this responsibility.
- iv To receive an annual report concerning the operation of the academic governance review process.
- v To review of its own effectiveness, as appropriate (and at a minimum of every four years).

C.3 Limits of authority

In considering the matters referred to in section C, the Committee will, as appropriate, exercise the authority delegated to it under the terms of the Financial Regulations² and/or make recommendations for decision by the Board.

C.4 Business to be discharged

In fulfilling its responsibilities, the matters to be considered by the Committee will include but are not limited to the following. The Committee will also consider and as necessary, make recommendations to the Board concerning any other matters which may be referred to it from time-to-time by the Board:

Financial processes and controls External audit and monitoring of actions, Internal audit and monitoring of actions, Annual Accounts UH Group (control, processes and technical evaluation),	Students' Union Accounts, Regulation and compliance,
Compliance Finance, Health and Safety, Environmental, Quality Assurance Agency institutional audits and academic standards, Data Quality and management information	Risk Risk management, Major strategic risk,
	Management Information System,,
Financial regulatory framework Value for money for students and the taxpayer,	Procurement Value for Money,
Ad hoc matters delegated by the Board for scrutiny,	Preliminary consideration of reserved items to formulate advice for the Board.

D COMPOSITION

D.1 The Committee and its Chair shall be appointed by the Board and shall consist of up to five (5) Independent Members of the Board and one (1) staff Governor, none of whom shall have any executive responsibility for the management of the University.

D.2 At least one (1) Independent Member in category 1 or category 2 shall have relevant and recent experience in accounting or auditing. In the event that none of the Independent Members of the Board of Governors has relevant and recent experience in accounting or auditing, the Board may co-opt an external member with appropriate expertise to serve in category 3.

² UPR FR06 'Corporate Governance and Financial Regulation

Audit and Risk Committee

Last amended: 16 September 2024

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D.3 No member of the Committee shall be a member of the Finance Committee of the Board of Governors.

D.4 **Category**

Members are eligible for re-appointment for further terms of office.

1	An Independent Member of the Board of Governors who is not a member of the Finance Committee who shall be Chair	1
2	Between three (3) and five (5) Independent Members of the Board of Governors who are not members of the Finance Committee	3-5
3	A staff Governor nominated by the Board of Governors	1
4	At the discretion of the Board, one (1) co-opted external member in the event that at least one of the Independent Members of the Board of Governors serving in category 1 or category 2 does not have recent and relevant experience in finance, accounting or auditing	$\frac{1}{6-8}$

Officers in attendance (by invitation – the Committee confirmed that the officers listed were to be invited to, and expected to attend, all its meetings – this position to be reviewed annually):

Internal

Vice-Chancellor
Group Finance Director
Secretary and Registrar
Head of Internal Audit and Senior Internal Auditor
Head of Governance Services (Clerk to the Committee)
Deputy Secretary and Registrar and Head of Corporate Services
Deputy Vice-Chancellor (to attend as required)
Deputy Group Finance Director/ Group Finance Accountant (to attend as required)

External

A representative of the External Auditors

E **GOVERNANCE AND OPERATION OF THE COMMITTEE**

E.1 The Audit and Risk Committee is a committee of the Board of Governors.

E.2 The Committee will normally meet four (4) times during each Academic Year. Further meetings may be convened as necessary.

E.3 The external auditors or the Head of Internal Audit may request a meeting if they consider that one is necessary. At least once a year the Committee may meet with the external auditors without any officers being present.

E.4 Formal minutes of the Committee's proceedings will be published and circulated by the Head of Governance Services.

E.5 The Committee will note its terms of reference, composition and membership at the first meeting of each academic year and any subsequent changes to these.

Audit and Risk Committee

Last amended: 16 September 2024

References: Board of Governors Minutes: 19.1.2, 28.4,114.5, 209.2, 354.2, 496.1.5, 519.1.2, 532, 557.1.5, 630.4, 672.2, 747.5.1, 883.5; 969; 970; 19.6 and 22.4; 154.4 and 158.7, 26 November 08, 221.2.8, and 229.6, 25 June 09; 243, 20 October 09, 362, 23 June 10, 479, 22 March 11; 560.1.2, 21 June 2011, 827, 9 July 2012; 938.5.2, 29 January 2013; 215.1, 8 July 2014; 287.3, 13 November 2014, 411, 7 July 2015 and 780, 17 November 2017 refer

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F MEMBERSHIP

Category	Period of office to:
1 An Independent Member of the Board of Governors who is not a member of the Finance Committee who shall be Chair	31.08.25 Bob Macnaughton
2 Between three (3) and five (5) Independent Members of the Board of Governors who are not members of the Finance Committee	31.08.27 Dr Janet Bohrer 31.08.27 Raj Singh 31.08.25 Professor Paul Layzell 31.08.25 <i>Karen Trew</i>
3 A staff Governor nominated by the Board of Governors	31.08.27 <i>Helen Goddard</i>
4 At the discretion of the Board, one (1) co-opted external member in the event that at least one of the Independent Members of the Board of Governors serving in category 1 or category 2 does not have recent and relevant experience in finance, accounting or auditing	No appointment required at this time.

Officers in attendance:

Internal

Vice-Chancellor ' <i>by invitation</i> '	Professor Quintin McKellar
Group Finance Director	Alistair Moffat
Secretary and Registrar	Sharon Harrison-Barker
Deputy Secretary and Registrar and Head of Corporate Services	Helen Davidson
Head of Internal Audit	Bridget Bishop
Senior Internal Auditor	Mark Allen
Head of Governance Services (Clerk to the Committee)	Elizabeth Heath
Business Risk Manager	Sadia Bowering
<i>Governance Officer</i>	<i>Nick Harper</i>
Deputy Vice-Chancellor (to attend as required)	Professor Mairi Watson
Accountant (to attend as required)	
Group Financial Accountant	Sally Ensum

External

A representative of the External Auditor <i>Buzzacott</i>	<i>Hugh Swainson</i> <i>Kunal Mistry</i>
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Audit and Risk Committee

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