

AUDIT & RISK COMMITTEE

Terms of Reference

1. Constitution and Purpose

- 1.1 In accordance with Statute 4, (paragraphs 6 a) and b)), the Court has established an Audit and Risk Committee.
- 1.2 The purpose of the Audit and Risk Committee is to:
- a) provide independent oversight of and advice to Court on the adequacy and effectiveness of the University's financial control systems and accounting procedures, ensuring that appropriate levels of external and internal audit are maintained;
 - b) act as the Court's independent scrutineer, bringing to the attention of the Court potential areas of concern (including fraud and malpractice);
 - c) review and advise Court on the University's arrangements to promote efficiency, economy, sustainability and effectiveness so as to secure value for money in all areas;
 - d) review, monitor and advise Court on the adequacy and effectiveness of the University's entire risk management (including academic risk), control and governance arrangements;
 - e) review and report to Court on the University's compliance with the Scottish Funding Council's Financial Memorandum and with other relevant SFC requirements and guidance (including external review through the QAA and the Enhancement Led Institutional Review (ELIR)).

2 Remit

- 2.1 The Court **delegates authority** to the Audit & Risk Committee to:

External and Internal Audit

- a) advise the Court on the appointment of the Internal and External Auditors and the provision of non-audit services by the External Auditor;
- b) discuss and agree with the External Auditors before the audit begins the nature and scope of the audit;
- c) discuss with the External Auditors problems and reservations arising from the interim and final audits, including a review of the annual Management Letter;

- d) review and monitor Management's implementation of the agreed recommendations arising from the annual Management Letter;
- e) review the audit aspects of the draft Annual Accounts (including those of all of the University's subsidiaries) and ensure reporting compliance with the Charities and Trustee Investment (Scotland) Act 2005;
- f) review on a regular basis the Internal Auditor's risk assessment, strategy and programme of work, including prioritisation, ensuring also that the Internal Audit resource is sufficient to meet the University's needs;
- g) consider major findings of Internal Audit investigations and Management's response;
- h) review and monitor Management's implementation of the agreed recommendations;
- i) seek assurance that there is effective co-ordination between the Internal and External auditors;
- j) monitor annually the performance and effectiveness of the Internal and External auditor firms, including any matters affecting their objectivity, and make recommendations to Court concerning their reappointment, where appropriate;

Risk Management

- k) keep under review the effectiveness of the University's entire risk management (including academic risk), control and governance arrangements, in particular the University's risk register, ensuring it reflects the full range of identified strategic risks;
- l) keep under review the quality of data provided to regulatory bodies and report on this area within the annual report to the Court;
- m) keep under review the University's Business Continuity Planning arrangements to ensure appropriate plans and processes are in place to enable the University to respond quickly and effectively when impacted by adverse events to reduce the impact of interruptions on key activities.
- n) Keep under review the University's insurance arrangements to ensure sufficient cover across the institution.

Fraud and irregularity

- o) ensure that all significant losses have been properly investigated and that the Internal and External auditors and where appropriate the Scottish Funding Council's Accounting Officer have been informed;
- p) keep under review the procedures for the handling of allegations from 'whistleblowers' and receive an annual report of the outcomes of investigations arising from under the Public Interest Disclosure Act;
- q) review the effectiveness of the University's policy and processes on fraud and irregularity, including being notified of any action taken thereunder;

- r) oversee the University's policy for the prevention of bribery and corruption and the University's gifts and donations policy;

Value for money

- s) satisfy itself that suitable arrangements are in place to promote economy, efficiency, sustainability and effectiveness;
- t) oversee the University's strategy and policies regarding procurement, including sustainable procurement;

Other

- u) in the event of the merger or dissolution of the University, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
- v) review and recommend to the Court the University's financial regulations.

2.2 Proceedings

- a) The Audit and Risk Committee is authorised by the Court to seek any information that it considers necessary from any employee. All employees are expected to co-operate with any such requests. In consultation with the Chair of Court or the University Secretary, the Committee may ask non-members with relevant expertise or responsibilities to attend specific meetings;
- b) The Committee has right of access to the Chair of Court, to the University Secretary, to University Staff, to the External and Internal Auditors (and vice versa), to the University's professional advisers and to any documentation;
- c) The Committee may seek whatever professional or legal advice it considers necessary. This will normally be commissioned following discussion with and via the University Secretary. In exceptional circumstances, procurement of the advice may instead be commissioned directly following consultation with the Chair of Court;
- d) The Committee should receive from University management summaries of any relevant reports or instructions from the Scottish Funding Council, National Audit Office (and its equivalent in Scotland) and other relevant bodies;
- e) The Committee will review its Terms of Reference and performance annually, having regard to best practice, and will report to Court accordingly, seeking approval from the Court for amendments to the Committee's Terms of Reference.

Private meetings, etc.

- f) On occasion, the Committee members will meet in private session, inviting others where necessary, to consider matters at their discretion;

- g) The Committee will hold private meetings at least once each year with both the Internal and External Auditors to discuss any matters that the Committee or the Auditors wish to raise. The Committee will, where appropriate, communicate any issues arising from such meetings to Management.

3 Composition and Membership

3.1 The composition of the Committee shall include:

- a) At least four independent members of the Court; and
- b) At least two co-opted members as appointed by the Court

3.2 The membership shall not include:

- a) the Chair of Court
- b) the Principal and Vice-Chancellor
- c) staff
- d) students
- e) members of the Finance Committee.

3.3 At least one of the members of the Committee who is also a member of Court should have a background in finance, accounting or auditing.

3.4 The Governance and Nominations Committee may recommend to the Court co-option of members who they consider have particular skills and experience to contribute to the work of the Committee and/or to serve as a co-opted member with a view to future membership.

3.5 Members are appointed to the Committee by the Court. The Committee's current membership is as follows:

Members of the Court

- Dr R Armour
- Mr G Dickson
- Ms M McNeill
- Ms S Morris
- Mr I Stevenson
- Mr M Tumilty (Chair)

Co-opted Members as appointed by the Court

- Mr R Murray
- Mr P Ross
- Ms D Walker

3.6 The term of office of Court members who are members of the Committee is concurrent with their term of office on the Court.

3.7 The maximum term of office of co-opted members appointed by the Court is nine years. The initial appointment will be for three years with eligibility to be considered for appointment for up to two further periods of up to three years.

3.8 The Chair of the Committee will be a member of the Governance and Nominations Committee of Court which will regularly review the skills of the Committee's membership and make recommendations to the Court on new appointments.

4 Equality and Diversity Statement

4.1 The Committee exercises its responsibility, as far as possible, to promote diversity of representation within its membership and the membership of any working group or committee established by the Committee. The Committee, in carrying out its business, will also act to promote equality or opportunity for all.

5 Quorum and Voting

5.1 The quorum is three members who are members of the Court.

5.2 Only members of the Committee shall be entitled to vote on any matter which involves powers and functions delegated to the Committee by the Court.

5.3 The Chair of the Committee shall have a deliberative and a casting vote.

5.4 When the Committee is inquorate, the members present may wish to continue with the business of the meeting, noting the discussions and comments raised. The absent member(s) may then be invited to provide comments for inclusion in the minutes. Where items require formal approval, the absent member(s) must be invited to provide comments and approval by correspondence. An item will be deemed approved when a quorate number of members have confirmed approval.

5.5 It is intended that decisions are normally reached by consensus following a full debate. There are no occasions stipulated in the Charter and Statutes which require a formal vote. Therefore, the Chair will normally seek agreement to the proposal in question, and only call for a vote either if there is a clear expression of dissent or if it is a matter of particular significance.

5.6 A member participating in a meeting remotely by way of audio-visual conferencing or other means which enables that member to communicate with each of the other members simultaneously shall be accounted for as being present and shall be included in the quorum.

6 Committee Chair

6.1 The Chair of the Committee shall be a member of the Court.

6.2 The Chair of the Committee shall be recommended by the Governance and Nominations Committee to the Court for appointment.

6.3 In the absence of the Chair of the Committee, members shall elect from among the members of the Committee present a person to act as Chair for the meeting or until such time as the Chair of the Committee arrives.

7 Frequency of meetings

7.1 The Committee usually meets at least four times a year.

7.2 Additional meetings may be held in order to meet business requirements at the request of the Chair of the Committee. The External Auditors or Internal Auditors may also request a meeting if they consider it necessary

8 Attendance at Meetings

8.1 The following officers are normally expected to be in attendance at meetings:

- i) The University Secretary
- ii) The Director of Governance & Legal Services
- iii) The Head of Assurance Services
- iv) The Global Chief Financial Officer
- v) The Committee Clerk

8.2 Other officers and members of other Committees may be asked to attend when appropriate.

8.3 The Committee will maintain a record of attendance at each of its meetings and will include this information in its annual report to the Court.

8.4 The Internal Auditors and External Auditors will be invited to attend all meetings.

8.5 Any member not attending three or more meetings consecutively (without good reason) may have their membership reviewed by the Chair and the University Secretary. Members are required to submit their apologies to the Clerk of the Committee at the earliest opportunity.

8.6 The majority of meetings will be held online via Microsoft Teams and member will be expected to join remotely. One meeting per year will be held in person (timing at the discretion of the Chair) and members will be expected to attend that meeting in person wherever feasible.

9 a) Reserved Business

9.1 There may be occasions when the Committee's business is designated reserved and/or commercially sensitive. On such occasions, with the approval of the Chair, any persons in attendance may be asked to withdraw from the meeting during consideration of a particular reserved item of business.

9.2 The record of matters with which the Chair and the Committee are satisfied should be dealt with on a reserved basis and will be recorded separately.

9 b) Conflict of Interest

9.3 Where it is identified that a member of the Committee has a conflict of interest with respect to a given matter, the Chair may, on the advice of the Secretary, request that the member in question withdraw from participation in relevant business. Depending on the nature of the business, this may allow for participation in discussions without taking part in decision-making or may require complete non-participation and/or withdrawal from that part of the meeting.

9.4 All instances of identified conflicts of interest shall be recorded in the minutes.

10 Reporting Procedures

10.1 The Committee will submit regular reports to the Court based on the Committee minutes. The Chair will approve the content of reports before release including the redaction of any information deemed necessary for reasons of confidentiality.

10.2 The Chair of the Committee will report to the Court on any matters which the Committee considers ought to be brought to the attention of the Court and on any matters requiring the approval of the Court.

10.3 Matters requiring approval of the Court will be highlighted within the Committee's report.

10.4 The Committee will submit an annual report of its work to the Court in a style and at a time as may be determined by the Court.

10.5 The Committee's records (agenda, papers, minutes) are included in the University's Freedom of Information Publication Scheme. Information will be readily accessible on request to members of the public under the terms of the Freedom of Information (Scotland) Act (FOI(S)A) with the exception of information which is deemed to be covered by a specific exemption under the Act.

10.6 Minutes and reports of the Committee will denote those areas of reported business which are deemed to fall within the designation of information which is 'exempt' under the FOI(S)A.

11 Forward Planning

11.1 The Committee will review its Terms of Reference and submit recommendations on these to Court, annually for approval. Should there be changes to the remit which impact significantly on the work of other committees, the Terms of Reference will first be presented to the Governance and Nominations Committee for review.

11.2 The Committee will set its meeting dates two years in advance, aligned to the schedule of meetings of the Court, and will maintain an annual workload plan for the Committee.

11.3 The Committee will maintain a forward agenda plan of its business.

Supporting Information

Groups feeding into the Audit & Risk Committee	
The University Executive (for matters relating to risk)	
Effectiveness and lifespan	
Lifespan ongoing. Effectiveness reviewed five-yearly as part of the Court’s review of its effectiveness.	
The Committee will regularly monitor its own effectiveness against its core purpose and responsibilities	
Actions that may be taken by the Committee	
The Audit & Risk Committee may:	
<ul style="list-style-type: none">• Note• Receive• Consider• Endorse	<ul style="list-style-type: none">• Approve• Recommend• Reject
Minuting style	
Traditional / formal minutes in accordance with internal University guidance.	
Resources	
Secretary	Ms Ruth Moir, University Secretary
Clerk	TBC, Governance Officer
Meetings	At least four times per academic year.