

C. COMMITTEES

C.2 AUDIT & RISK COMMITTEE

C.2.1 PURPOSE

Audit and Risk Committee (ARC) is a committee which is independent of the Executive. It oversees an annual programme of work, enabling it to give an opinion to Council annually, on the adequacy and effectiveness of the Executive's arrangements for internal control, risk management, governance, value for money and the management and quality assurance of data submitted to HESA and Office for Students (OfS). ARC will conduct itself in line with best practice defined by OfS and the Council of University Chairs (CUC).

C.2.2 DELEGATED POWERS

- i. To manage the External Auditor contract(s) and engagement once the choice of External Auditor has been approved by Council including agreeing the annual fee. To approve the policy on the engagement of the External Auditor to supply non audit services.
- ii. To agree the structure and terms of engagement (including resourcing) of the Internal Audit Service following Council's approval of the method of delivering that service and to agree the arrangements for managing that service. To approve the Internal Auditor's risk assessment, strategy and annual programme of work. To approve the Internal Audit Charter.
- iii. To approve the following policies: Whistleblowing, Fraud and Bribery and to review any incidents relating to these policies.
- iv. To approve on behalf of Council *the Annual Value for Money report* and the External Auditor's *Audit highlights memorandum and management letter* for submission to OfS as part of City, University of London's annual accountability returns.
- v. To obtain external legal or other independent professional advice and the attendance of non-members with relevant experience and expertise.

C.2.3 OTHER TERMS OF REFERENCE

- i. To give an opinion to Council annually (at the Council meeting when the Financial Statements are considered) on the adequacy and effectiveness of the Executive's arrangements for internal control, risk management, governance, value for money and the management and quality assurance of data submitted to HESA and OfS. This opinion will be informed by:
 - a) the work carried out by Internal Audit during the year
 - b) the External Audit
 - c) assurances and reports from the Executive including reports on value for money, internal control, risk management and data quality
 - d) any reports from OfS, National Audit Office (NAO) or other regulators
 - e) work commissioned by ARC itself.
- ii. To keep under review City's systems of internal control and its processes for risk management, governance, securing value for money and data quality, in order, to assure Council of their adequacy and effectiveness and to promote best practice;

- iii. To review the Risk Register to assure Council that the Executive's assessment of risk and their risk appetite is appropriate and in line with Council's appetite for risk. To ensure that the controls and plans to mitigate risk are appropriate. To advise Council on the risk appetite appropriate to the institution.
- iv. To recommend City's Financial Statements to Council for approval including the Corporate Governance Statement and the Statement of City, University of London Council Responsibilities. To recommend the Letter of Representation to Council for approval. To assure Council that the annual financial statements are in accordance with the OfS Accounts Direction and that the accounting policies and judgments are appropriate.
- v. To receive regular progress reports from the Director of Internal Audit in respect of the audit programme. To review the Executive's response to internal audit recommendations and to monitor the implementation of agreed audit based recommendations. To receive an annual report from the Internal Auditor that includes an opinion on the same items that ARC must give an annual opinion to Council. To regularly review the effectiveness of Internal Audit. To ensure that the resources made available for Internal Audit are sufficient to meet the institution's needs.
- vi. To recommend to Council the appointment or re-appointment of the External Auditor after conducting a procurement process. To discuss with the External Auditor, before the audit begins, the nature and scope of the audit. To review the External Auditor's management letter and the Executive's response. To regularly review the effectiveness of the External Auditor.
- vii. To receive regular assurance from the Executive on Health and Safety compliance and comment prior to Council receiving these reports.
- viii. To gain assurance of legal and regulatory compliance by City.
- ix. To keep under review the effectiveness of the risk management, culture, control and governance arrangements.
- x. To receive reports from statutory, regulatory or funding agencies concerning City's compliance with relevant legislation and/or standards. To consider relevant reports from the NAO, OfS and other organisations and to advise Council as appropriate.
- xi. To regularly review the effectiveness of ARC.
- xii. To periodically (and at a minimum of every four years) undertake a review of its terms of reference and recommend any necessary changes to the governing body

C.2.4 COMPOSITION

- i. The Chair of the Committee shall be appointed by Council, from amongst the Council members who are members of the Committee.
- ii. The Committee will consist of no fewer than four members. At least three members shall be members of Council. The remaining members may be co-opted and appointed for their relevant expertise. At least one member should have recent and relevant experience in finance, accounting or auditing. Members should not have significant interests in City. The Chair of Council should not be a member of the Committee. Members will receive appropriate training to allow effective performance of their duties.

- iii. In attendance:
 - a) The President
 - b) Chief Financial Officer
 - c) Vice-President Strategy & Planning
 - d) Director of Internal Audit
 - e) External Auditor

C.2.5 FREQUENCY OF MEETINGS

Meetings shall be held at least three times each financial year but normally four times a year.

C.2.6 SPECIAL ISSUES

- i. There should be at least one meeting a year, or part thereof, where the External Auditors and Internal Auditors attend without the Executive members being present.
- ii. The External Auditors or Director of Internal Audit may request a meeting if they consider it necessary.
- iii. Each Committee meeting will have a private session at the end of the meeting with the independent members.