

HARPER ADAMS UNIVERSITY COLLEGE

Audit and Risk Management Committee

Terms of Reference

Constitution

1. The Board of Governors has established a committee of the Board of Governors known as the Audit and Risk Management Committee.

Membership

2. The Committee and its chairman shall be appointed by the Board of Governors from among its own members and will consist of members with no executive responsibility for the management of the College. There shall be no fewer than three members; a quorum shall be two members. The Chairman of the Board of Governors will not normally be a member of the Committee. The Chairman of the Committee will normally be a member of the Board of Governors. Members should not normally have significant interests in the College.
3. At least one member shall have a background in finance, accounting or auditing. The Committee may, if it considers it necessary or desirable, co-opt members with particular expertise. No member of the Committee may also be a member of the finance committee, unless specifically authorised by the Higher Education Funding Council for England (HEFCE).

Authority

4. 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.
5. The 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 College's designated officer (the Principal) and/or Chairman of the Board of Governors. However, it may not incur direct expenditure in this respect in excess of £2,000 in any one financial year without the prior approval of the Board of Governors.
6. The Audit and Risk Management Committee may review the audit aspects of the draft annual financial statements. Where reviewed, the Committee should consider the external audit opinion, the statement of members' responsibilities, the corporate governance/internal control statement and any relevant issue raised in the external auditor's 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 Board of Governors.

Duties

7. The duties of the Audit and Risk Management Committee shall be:
 - (a) To ensure that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
 - (b) 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.

- (c) To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.
- (d) 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).
- (e) 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 the statement of corporate governance/internal control, in accordance with HEFCE's Accounts Directions.
- (f) To consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service, 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.
- (g) To review the internal auditor's audit needs assessment and the audit plan; to consider major findings of internal audit investigations, management's response and the internal auditor's annual report.
- (h) To promote co-ordination between the internal and external auditors and to ensure that the resources made available for internal audit are sufficient to meet the College's needs (or make a recommendation to the Board of Governors as appropriate).
- (i) To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the Board of Governors concerning their re-appointment, where appropriate.
- (j) To monitor the implementation of agreed audit-based recommendations from whatever source
- (k) To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the HEFCE Accounting Officer, have been informed.
- (l) To oversee the College's policy on fraud and irregularity, including being notified of any action taken under that policy.
- (m) To keep under review the College's risk management, governance and related control arrangements
- (n) To receive any relevant reports from the National Audit Office, the HEFCE and other organisations.
- (o) 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

Attendance at meetings

8. The Director of Finance, a representative of the internal auditors and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year the Committee may meet with the external and internal auditors without any officers present.

Frequency of meetings

9. Meetings shall normally be held at least three times each financial year. The external auditors or Internal Auditors may request an additional meeting if they consider it necessary.

Reporting Procedures

10. The minutes (or a report) of meetings of the Committee will be circulated to all members of the Board of Governors.
11. The Committee will prepare an annual report for the College's financial year and any significant issues up to the date of preparing the report. 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 adequacy and effectiveness of the institution's arrangements for the following:
 - Risk management, control and governance (the risk management element will include the accuracy of the statement of internal control included with the annual statement of accounts)
 - Economy, efficiency and effectiveness (value for money)

This opinion should be based upon the information presented to the Committee. The Audit and Risk Management Committee's annual report will normally be submitted to the Board of Governors before the members' responsibility statement in the annual statements is signed.

Clerking Arrangements

12. The Clerk to the Board of Governors will be the Clerk to the Audit and Risk Management Committee.

August 2005

Audit and Risk Management Committee

Membership 2010/2011

Members

Not less than 3 members
appointed by the Board
of Governors

- Mrs F Beatty (Chairman)
- Vacant
- Mr P Cowdy
- Mr C Tweed

Co-opted members

Observer (if required by the Committee)

Principal

- Dr D G Llewellyn

In Attendance

Clerk to the Board of Governors
Director of Finance
A representative of the External Auditors
A representative of the Internal Auditors

- Dr C E Baxter (Secretary)
- Mr P Rigg

July 2010