

Audit Committee

Constitution and Terms of Reference 2023-24

The Board of Governors and its committees will conduct their business in a way that is consistent with, and reflects and promotes, the University's Equality, Diversity and Human Rights Policy.

The Audit Committee's constitution and terms of reference meet the requirements of the Audit Code of Practice (Annex C of the Office for Students Terms and Conditions of Funding for Higher Education) and the expectations set out in the HE Audit Committees Code of Practice published by the Committee of University Chairs.

1. Purpose

The purpose of the Audit Committee is to provide a structured, systematic oversight of the University's governance, risk management, financial reporting, internal control and compliance practices. It seeks to provide confidence in the integrity of the University's arrangements for managing these practices through its annual programme of work and providing independent oversight and reporting to the Board of Governors.

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.

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 designated officer and/or chair of the Board of Governors. However, it may not incur direct expenditure in this respect in excess of £5,000 without the prior approval of the Board of Governors.

The Committee shall review the draft annual financial statements. Where reviewed, the Committee should 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 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.

2. Constitution and membership

The Committee and its Chair shall be appointed by the Board of Governors from amongst the Governors with no executive responsibility for the management of the institution. The Chair of the Board of Governors should not be a member of the Committee. Members of the Committee should not also be members of the Finance and Capital Development Committee. Members should not have significant interests in the institution.

		Expiration of office (years served on expiration)
Five (5) Governors, one of whom shall be Chair. At least one Governor should normally have recent relevant experience in finance, accounting or auditing.	Jennifer Adams	31/07/2024 (3)
	Andrew Chang	31/07/2025 (3)
	Andy Falconer	31/07/2026 (3)
	Rt Revd Paul Ferguson	31/07/2026 (9)
	Professor Graham Henderson	31/07/2024 (9)
	Jenny McAleese	31/07/2025 (3)
	Vacant	

In attendance

Vice Chancellor or nominee	Professor Karen Bryan OBE
University Secretary and Registrar	Kathryn Kendon
Chief Operating Officer	Rob Hickey
Director of Finance	Joe McCarthy
Head of Governance, and Compliance	Mia Bryden
External Auditor	BDO
Internal Auditor	PwC
Minuting Secretary	Christopher Howell

The Committee will have a meeting with the External and Internal Auditors, without Officers present, at least once a year.

3. Terms of Reference

3.1 The duties of the Committee shall be:

- a. 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 (within the parameters set out in appendix 1) and any questions of resignation or dismissal of the external auditors.
- b. To discuss if necessary, with the external auditors, before the audit begins, the nature and scope of the audit.
- 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 may wish to discuss (in the absence of management where necessary).
- d. 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 (within the parameters set out in appendix 1) and any questions of resignation or dismissal of the internal auditors.

- e. 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 ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the Board of Governors as appropriate).
- f. To keep under review the effectiveness of internal control, governance and risk management systems, and in particular to review the external auditors' management letter, the internal auditors' annual report, and management responses.
- g. To monitor the implementation of agreed audit-based recommendations, from whatever source.
- h. To ensure that all significant losses have been properly investigated and that the internal and external auditors, and, where appropriate, the Office for Students' Accounting Officer, have been informed.
- i. To oversee the institution's policies on fraud, bribery, anti-money laundering, whistleblowing and the engagement of external/internal auditors for services beyond their contracts, including being notified of any action taken under those policies.
- j. To satisfy itself that appropriate arrangements are in place to promote economy, efficiency, effectiveness and equity (value for money).
- k. To satisfy itself that effective arrangements are in place for the management and quality assurance of data submitted to the Office for Students, HESA and others.
- l. To satisfy itself that effective arrangements are in place for meeting all the institutions' legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
- m. To receive any relevant reports from the National Audit Office, the Office for Students and other organisations.
- n. To monitor and report on the performance and effectiveness of external and internal auditors annually.
- o. To consider elements of the annual financial statements in the presence of the external auditors, including the auditors' formal opinion, the statement of members' responsibilities and the statement of internal control, in accordance with Office for Students' accounts directions.
- p. 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.
- q. To receive insight from Finance and Capital Development Committee with respect the key financial risks on the risk register

3.2 **To refer to**
Other committees (e.g. committees of the Board of Governors, Academic Board, Executive Board, the Board of Governors), any relevant matters for consideration.

3.3 **Delegated responsibilities**
The Committee does not routinely delegate any categories of business.

4 **Procedural rules**

4.1 **Quorum**
Four (4) members, at least three (3) must be Governors and at least one (1) of whom must have recent relevant experience in finance, accounting or auditing.

4.2. **Meetings**
The Committee shall meet up to four (4) times a year unless otherwise agreed by the Committee Chair, and schedule its activity to ensure that statutory accounts and reports can be recommended to Governors and forwarded to external bodies in due time.

4.3 **Agenda**
The agenda shall be the responsibility of the Committee Chair, and the Committee shall be serviced by the Secretary or nominee, who shall normally provide the agenda and supporting papers seven (7) days prior to the meeting.

5 **Reporting**

5.1 The unreserved minutes (or a report) of meetings of the Committee will be circulated to all members of the Board of Governors.

5.2 The Committee will prepare an annual report for the institution'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 arrangements for:

- risk management, internal control and governance;
- securing economy, efficiency, effectiveness and equity (value for money);
- the management and quality assurance of data submitted to HESA, the Student Loans Company, the Office for Students, and other funding or regulatory bodies.

(This opinion should be based upon the information presented to the Committee. The Audit Committee annual report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed.)

Appendix 1

Engagement of External and Internal Auditors for services beyond their contracts

York St John's auditors were contracted following a full competitive tendering process and they have specific terms of engagement which are managed by the University Secretary and Registrar.

The University Secretary and Registrar is authorised to commission additional internal audit work beyond the scope of the agreed internal audit plan, for example in response to the discovery of a control weakness.

For services not covered by the individual contracts, the University will follow its normal procurement processes and obtain competitive quotes, unless it can be demonstrated that it is in the best interests of the University to engage either of its auditors. In all instances, both the auditors and the University will consider whether the engagements would compromise the integrity of the contractual arrangements and/or professional ethical standards.

In line with the Office for Students' Terms and Conditions of Funding for Higher Education, the University will not engage its external auditors for internal audit work.

All additional engagements will be reported by the University Secretary and Registrar to the next meeting of the Audit Committee. If the University Secretary and Registrar has any doubts about the appropriateness of any engagements, Audit Committee approval will be obtained before the appointment is confirmed, or utilising Chair's Action if there are time constraints and subsequently reported to the next meeting.