

## Terms of Reference for the **Audit and Risk Committee**

**Name:** Audit and Risk Committee

**Purpose:** The Board of Trustees (the Board) is responsible for financial governance. The purpose of this Committee is to guide the Board in its oversight of risk and external audit.

**Areas of responsibility:** Universities UK (UUK) comprises core UUK operations, Universities UK International (UUKi), Universities Wales (UW), Universities Scotland (US) and Council of Deans of Health (until 31 July 2019) (CODH). UW, US and CODH each have a board which is responsible for their financial governance. There are some financial responsibilities which the UUK Board adopts for the whole organisation which are made clear below, however in general audit and risk matters in UW, US and CODH are reviewed by their boards.

UUK has three subsidiaries, Woburn House Conference Centre (WHCC), Medical Schools Council (MSC) and MSC Assessment (MSCA). The Board takes responsibility for financial governance of WHCC. MSC and MSCA have their own boards who are responsible for their financial governance.

### **Responsibilities:**

- To oversee the processes related to risk management and internal controls including financial, reputation, compliance and other strategic risks;
- To review the risk registers of UUK (including UW and US), MSC and CODH at each meeting and to present them to the Board for information.
- To present the risk registers to the Board for discussion on an annual basis and when significant issues or changes arise
- To review the annual audited consolidated financial statements of UUK, and the annual audited financial statements of WHCC, before submission to the Board.
  
- To oversee the external audit processes;
  - To discuss with the external auditor, before the audit commences, the nature and scope of the audit.
  - To have at least one meeting each year, or part thereof, with the external auditor without management present.
  - To approve on a cyclical basis (5 years being the maximum cycle) the appointment of the external auditor, approving the audit fee, considering any

questions of resignation or dismissal of the external auditor, and making recommendations to the Board.

- To review the external auditor's management letter and report on any material matters to the Board.
- To discuss with the auditor matters arising from the audit.

#### **Reporting relationship and structure:**

- The Audit and Risk Committee will report to and make recommendations to the Board.
- The Board can delegate responsibilities to the Committee where considered appropriate.
- The Director of Operations and Head of Finance will be the primary staff contacts for the Committee. They will be expected to attend Committee meetings, providing information on key audit and risk issues and responding to specific requests for information.
- The Chief Executive and Treasurer will attend the meeting.
- The Finance Manager will be secretary to the committee.

#### **Membership:**

- The Audit and Risk Committee is composed of 5 members.
- The Audit and Risk Committee will have as its Chair a UUK Board Member who is appointed for a two-year period by the Governance and Nominations Committee.
- An independent member will be appointed by the Governance and Nomination Committee.
- Members must be able and willing to attend Committee meetings. Members are expected to read all circulated materials and participate actively in the work of the Committee.
- Members who cannot attend meetings in person must be given the opportunity to attend by way of teleconference.

#### **Frequency of meetings:**

- The Committee will meet at least two times a year (October and March) and will report outcomes to the UK Board after each meeting.
- Special meetings of the Audit and Risk Committee may be called by the committee chair at any time to deal with urgent matters.
- The meeting schedule and agenda will be established by the Director of Operations in consultation with the chair.

#### **Quorum:**

- Three members shall constitute a quorum for any meeting.

**Term of office:**

- The term of office for a member of the Committee shall be **two years.**
- Members shall be appointed by the Governance and Nominations Committee.
- A member may serve a maximum of two consecutive terms.
- In order to maintain a degree of continuity, it is hoped that not more than half the membership shall be changed each year.

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