

LSBU Group Audit and Risk committee

Terms of reference

1. Constitution

- 1.1 The LSBU Board of Governors has established a committee of the Board known as the LSBU Group Audit and Risk Committee.
- 1.2 Each entity in the LSBU group¹ will have an audit committee to review audit matters relevant for that entity and in line with its terms of reference.

2. Membership

- 2.1 The Committee and its chair shall be appointed by the Board, from among its own members, and must consist of members with no executive responsibility for the management of the institution.
- 2.2 There shall be no fewer than three members; a quorum shall be at least two members.
- 2.3 The chair of the Board should not be a member of the committee.
- 2.4 Members should not have significant interests in LSBU or any LSBU group company.
- 2.5 At least one member should have recent relevant experience in finance, accounting or auditing.
- 2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.
- 2.7 Members of the committee should not also be members of the Major Projects and Investment Committee or the Finance, Planning and Resources Committee.

¹ Currently SBUEL and SW4 Catering Ltd's audit arrangements are reviewed by its boards. This will be reviewed as future arrangements of the companies are developed.

3. Attendance at meetings

- 3.1 Members of the group Executive may attend meetings where business relevant to their remit is to be discussed.
- 3.2 The Group Chief Financial Officer (or equivalent), the head of group internal audit and a representative of the group external auditors shall normally attend meetings.
- 3.3 At least once a year the committee should meet with the group external and group internal auditors without any officers present.

4. Frequency of meetings

- 4.1 Meetings shall normally be held four times each financial year. The Chair, group external auditors or head of group internal audit may request a meeting if they consider it necessary.

5. Authority

- 5.1 The committee is authorised by the Board 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.
- 5.2 The committee is authorised by the Board 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 head of institution and/or chair of the Board. However, it may not incur direct expenditure in this respect in excess of £20,000 without the prior approval of the Board.
- 5.3 The Audit Committee will review the audit aspects of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' 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.

6. Secretary

- 6.1 The secretary to the Committee will be the Clerk to the LSBU Board or other appropriate person nominated by the Clerk.

7. Duties

7.1 The duties of the committee shall be to:

- 7.1.1 advise the LSBU Board 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;
- 7.1.2 consent, on behalf of LSBU, to the appointment of the external auditors of SBA and SBC;
- 7.1.2 discuss with the external auditors, before the audit begins, the nature and scope of the audit of the LSBU Group consolidated accounts;
- 7.1.3 as necessary, to hold regular discussions with the group external auditors (in the absence of management where necessary);
- 7.1.4 consider and advise the LSBU Board on the appointment and terms of engagement of the group 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, and any questions of resignation or dismissal of the internal auditors;
- 7.1.5 review the group internal auditors' annual audit risk assessment, strategy and programme for LSBU; consider major findings of internal audit investigations and management's response for audits relating to LSBU and group-wide audits; consider a summary of internal audit reports relating to SBA or SBC; and promote co-ordination between the internal and external auditors. The committee will monitor that the resources made available for group internal audit by the group executive are sufficient to meet the LSBU Group's needs (or make a recommendation to the LSBU Board as appropriate);
- 7.1.6 keep under review the effectiveness of the group risk management, control and governance arrangements, and in particular review the group external auditors' management letter, the group internal auditors' annual report, and management responses;
- 7.1.7 monitor the implementation of agreed audit-based recommendations, from whatever source;

- 7.1.8 monitor the proper investigation by the executive of all significant losses and that the internal and external auditors, and where appropriate the funding council's accounting officer, have been informed;
- 7.1.9 oversee the group policy on anti-fraud and irregularity, including being notified of any action taken under that policy;
- 7.1.10 set expectations for the Group to promote economy, efficiency and effectiveness and to satisfy itself that suitable arrangements are in place in LSBU to achieve this; ;
- 7.1.11 receive any relevant reports from the National Audit Office (NAO), the relevant educational regulators and other organisations;
- 7.1.12 monitor annually the performance and effectiveness of the group external and group internal auditors, including any matters affecting their objectivity, and make recommendations to the LSBU Board concerning their reappointment, where appropriate;
- 7.1.13 consider elements of the annual LSBU Group consolidated financial statements in the presence of the group external auditors, including the auditors' formal opinion, the statement of directors' responsibilities and the statement of internal control, in accordance with the relevant educational regulators' accounts directions;
- 7.1.14 in the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
- 7.1.15 advise the LSBU Board of Governors on the effectiveness of the internal control system and recommend changes as necessary;
- 7.1.16 review regularly the group financial regulations for the supervision and control of financial procedures, accounts, income and expenditure of LSBU and to advise the Board of Governors as necessary;
- 7.1.17 monitor compliance with relevant regulatory and legal requirements and report to the LSBU Board of Governors as necessary;
- 7.1.18 receive reports made under the group "speak up" policy and to monitor annually the performance and effectiveness of the "speak up" policy and procedures;

7.1.19 to authorise single debt write offs above £10,000 and annual debt write offs above £50,000. To receive a report on any debt written off below this threshold and approved by the Group Chief Financial Officer.

7.1.20 to consider significant deviations from business case or concerns following a post investment review

7.1.21 note a summary of any audit reports commissioned by the board of any LSBU Group company to cover matters specific to that company

7.1.22 to review LSBU's assurance to the Office for Students with regard to its academic quality

8. Reporting procedures

8.1 The minutes (or a report) of meetings of the Committee will be circulated to all members of the LSBU Board. Minutes of subsidiary audit committees are published on the modern.gov system.

8.2 The committee will prepare an annual report to the OfS covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the LSBU Board and LSBU Vice Chancellor/Chief Executive, and will summarise the activity for the year. It will give the committee's opinion of the adequacy and effectiveness of the institution's arrangements for the following:

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts); and
- economy, efficiency and effectiveness (value for money).
- management and quality assurance of data submitted to HESA, the Student Loans Company and to the OfS and other funding bodies

This opinion should be based on the information presented to the committee. The Audit Committee annual report should normally be submitted to the LSBU Board before the members' responsibility statement in the annual financial statements is signed.

Approved by the Audit Committee on 1 October 2019

Approved by the Board of Governors on 17 October 2019