



Review of Committee effectiveness and terms of reference

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| Outcome requested: | The Committee is asked to: <ul style="list-style-type: none"> a) Consider the findings from the annual review of Committee effectiveness; b) Note the membership and terms of reference for 2022–23. |
| Executive Summary: | The Committee is required to review its effectiveness and the suitability of its terms of reference annually. This paper summarises the outcomes of the recent effectiveness survey sent to Committee members and attendees over the summer. No changes to the Committee’s terms of reference are proposed as a result. |
| QMUL Strategy: | Effective governance supports the delivery of the Strategy. |
| Internal/External regulatory/statutory reference points: | CUC HE Audit Committees Code of Practice CUC Higher Education Code of Governance |
| Strategic Risks: | N/A |
| Equality Impact Assessment: | No equality or diversity issues are raised by this paper. |
| Subject to prior and onward consideration by: | By committee only. |
| Confidential paper under FOIA/DPA: | No. |
| Timing: | The Committee reviews its terms of reference and membership annually. |
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| Date: | 19 September 2022 |
| Senior Management/External Sponsor: | Peter Thompson, Chair of Audit and Risk Committee |

Review of Committee effectiveness and terms of reference

1. The Committee is required to review its effectiveness and the suitability of its terms of reference annually. This paper summarises the outcomes of the recent effectiveness survey sent to Committee members and attendees over the summer.
2. *Membership.* Overall respondents found that the Committee has the right mix of skills and experience among its ordinary and co-opted members.
3. *Preparedness for roles.* Respondents said that induction would benefit from a better structure with a more focused briefing. Opportunities to engage with co-opted members in between meetings would assist with understanding the key issues facing the university.
4. *Contributions by attendees.* Staff participating are well-versed in the primary matters discussed. The Committee will benefit from the experience the auditors from elsewhere in the sector.
5. *Meeting arrangements.* Overall respondents said that the hybrid meeting arrangements were effective, but that it could be more challenging for those joining online to contribute effectively to discussions. There was a general preference for in person meetings.
6. *Provision of information and papers.* Feedback on the quality of information provided was positive. There was good use of cover pages and the papers for the most part were tailored for the committee. The paperwork on risk management was considered strong and clearly linked to the strategy. There was scope to improve the connection between the information with data across the risk landscape.
7. *The Chair.* Members commented positively on the steering of the Committee. The Chair is strong in setting the tone in meetings to facilitate high-quality debate and challenge, and to focus on higher risk items.
8. *Outcomes and added value.* Respondents concluded that the Committee fulfils its role effectively and discharges its responsibilities as per the terms of reference. The recent additional focus on external environmental risks was helpful, and there was scope for a greater role in academic assurance going forward. Elsewhere in the sector, Audit Committees are starting to consider the different ways in which the culture (of control) might be considered as well as whether compliance-related activities could be brought together and reported on to management and the Committee. Within the corporate sector, Audit Committees are considering their role in sustainability reporting and assurance.

Audit and Risk Committee Terms of Reference 2022–23

Audit and Risk Committee is a committee of Council, mandated by the Office for Students (OfS) under the Terms and conditions of funding for higher education institutions. The Committee oversees Queen Mary University of London (QMUL)'s arrangements for external and internal audit, financial control and risk management, providing assurances in these key areas through its annual report to Council, which is shared with the OfS.

1. External and Internal Audit

- 1.1 To make recommendations to Council at least annually on the appointment of external and internal auditors.
- 1.2 To commission a competitive tendering process:
 - for external audit services at least every 7 years; and
 - for internal audit services at least every 5 years.
- 1.3 To oversee external and internal audit services by:
 - promoting co-ordination between external and internal audit services;
 - providing input to, and approving, an annual external audit strategy and internal audit plan;
 - reviewing reports and recommendations from the external and internal auditors;
 - reviewing the adequacy and implementation of the Executive response; and
 - reviewing the effectiveness and objectivity of the external and internal auditors.
- 1.4 To review the draft annual financial statements with the external auditors and recommend their adoption by Council following satisfactory resolution of matters raised.

2. Financial Control and data assurance

- 2.1 To review the adequacy and effectiveness of the Executive's systems for:
 - management and quality assurance of external data returns;
 - financial control;
 - obtaining value for money; and
 - responding to alleged financial irregularities.
- 2.2 In relation to alleged financial irregularities:
 - to receive regular reports from the internal auditors and the Executive on reports received, investigations conducted and action taken; and
 - to obtain assurances that any significant losses have been appropriately disclosed and (where appropriate) reported to the OfS and other external bodies.

3. Risk management

- 3.1 To review the effectiveness of mechanisms operated by the Executive for identifying, assessing and mitigating risks (including, where appropriate, mitigation by insurance).

- 3.2 To regularly consider the current status of core risks to the QMUL Strategy, through the review of data and documents presented by the Executive and derived from the Strategic Risk Register.
 - 3.3 To periodically test scores and controls in selected areas of activity through consideration of specific reports, including a biannual report on cyber security.
 - 3.4 To review the OfS's Annual Institutional Risk Assessment, audits undertaken by its Assurance Service and relevant findings by other bodies.
 - 3.5 To oversee the Public Interest Disclosure (whistle-blowing) policy and receive regular reports from the Executive on cases.
- 4. Legal and Statutory Compliance**
- 4.1 To consider an annual report on exceptions to legal and statutory compliance from the Executive, and request follow up action, including investigation and reporting where identified.
- 5. Committee evaluation**
- 5.1 To review the Committee's effectiveness and the suitability of its terms of reference annually.

Membership of Audit and Risk Committee

- No less than three and no more than five external members of Council, one of whom will be the Chair of the Committee.
- Up to two co-opted members who are external to QMUL and have relevant expertise.

Mode of Operation

1. Audit and Risk Committee meets at least three times per year. The Committee holds one annual *in camera* meeting with representatives of internal audit and one annual *in camera meeting* with representatives of external audit, normally immediately before scheduled meetings.
2. The Committee will prepare an annual report 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 Council and the President and Principal, summarising the activity for the year, and providing an opinion on the adequacy and effectiveness of the institution's control arrangements as required by the OfS Terms and conditions of funding for higher education institutions.
3. The Committee reports to the next meeting of Council following each of its meetings in the form of an executive summary of its minutes. Specific proposals requiring Council consideration and approval are identified in the terms of reference.

Audit and Risk Committee 2022–23 Membership

- No less than three and no more than five external members of Council, one of whom will be the Chair of the Committee
- Up to two co-opted members who are external to QMUL and have relevant expertise

Chair

External member of Council

Peter Thompson

Up to four other external members of Council

Celia Gough
Dr Alix Pryde
Vacancy
Vacancy

Up to two co-opted members

Simona Fionda
James Hedges

In attendance

President and Principal
Chief Governance Officer and University Secretary
Chief Financial Officer
Chief Operations Officer
Director of Strategic Planning
Deputy Director of Finance, Financial Controls

Professor Colin Bailey
Jonathan Morgan
Karen Kröger
Dr Sharon Ellis
Dr Catherine Murray
Janice Trounson

External Auditors [BDO]

James Aston
Sarah Durrant

Internal Auditors [KPMG]

Charles Medley
Neil Thomas

Secretariat

Assistant Registrar (Governance)

Dr Nadine Lewycky

Papers circulated for information to:

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