



Terms of Reference, Membership and Effectiveness Review

<b>Outcome requested:</b>	Audit and Risk Committee is asked:  [a] to <b>note</b> its terms of reference and updated membership; [b] to <b>consider</b> the findings from the annual review of Committee effectiveness.
<b>Executive Summary:</b>	[a] No changes are proposed to the Committee's terms of reference, which were last substantially updated in September 2014. The document has been updated to include references to the Office for Students (OfS) and the OfS Terms and conditions of funding for higher education institutions.  [b] The membership list has been updated following Peter Thompson's appointment to the Committee.  [c] An annual review of the Committee's effectiveness has been conducted and a number of recommendations for improvements are proposed.
<b>QMUL Strategy:</b>	The effective management of the QMUL's governance arrangements underpins the ability to achieve the strategic aims.
<b>Internal/External regulatory/statutory reference points:</b>	HEFCE Memorandum of assurance and accountability between HEFCE and institutions CUC Handbook for Members of Audit Committees in Higher Education Institutions Audit and Risk Committee Terms of Reference CUC Code of Governance
<b>Strategic Risks:</b>	13 – Maintain effective and constructive governance
<b>Equality Impact Assessment:</b>	No equality or diversity issues are raised by this paper.
<b>Subject to prior and onward consideration by:</b>	By committee only.
<b>Confidential paper under FOIA/DPA:</b>	No.
<b>Timing:</b>	The Committee reviews its terms of reference and membership annually.
<b>Author:</b>	Sian Marshall, Assistant Registrar (Council and Governance)
<b>Date:</b>	04 June 2018
<b>Senior Management/External Sponsor:</b>	David Willis, Chairman of Audit and Risk Committee

## **Review of Committee Effectiveness**

1. The Committee's terms of reference require a review of its effectiveness to be conducted on an annual basis. Based on feedback from Committee members, the annual online survey was replaced with individual conversations between members/attendees and the Secretary to the Committee. The findings and recommendations are detailed below.

### **Findings**

#### *Operation of the Committee*

2. The Committee is operating and is chaired effectively with time focused on the issues considered to be most important. The Chair is considered to be effective in ensuring that members contribute to discussions and that there is sufficient debate and challenge.

#### *Quality and timeliness of information*

3. Members are largely satisfied with the quality and timeliness of papers presented to the Committee. However, there is scope to improve papers and the discussion of them by ensuring that the required outcome is clearly defined within the papers.
4. Members feel that there is further work required to ensure that deep dive reports and presentations are effective.
5. There is scope to improve the quality of presentations by requiring no more than five PowerPoint slides to be provided.

#### *Frequency, length and location of meetings*

6. Members are satisfied with the frequency and length of meetings. Members would like to make better use of holding meetings at other campuses by inviting staff based at those campuses to give a short presentation ahead of each meeting.

#### *Interaction between the Committee and QMSE/other staff*

7. Members feel that interactions are both positive and professional and that the approach taken by QMSE and other staff is largely open and transparent. A number of members suggested that the Principal may wish to consider the number of QMSE representatives in attendance at each meeting.
8. There is scope to more frequently seek the input of the internal and external auditors on best practice and the approach taken by the Committee.
9. Co-opted members feel that their attendance at the Council and QMSE conference provided useful opportunities to engage with Council and QMSE members and welcomed further opportunities to do so.

#### *Skills and experience, and succession planning*

10. The balance of skills and experience on the Committee is considered to be appropriate and succession planning is considered in a timely way.

#### *Support, induction and development*

11. Induction and support provided to members is considered to be good. Members felt that the Chair provides effective support to members, including the 1:1 meetings with co-opted members.

12. Members feel that there could be better communication of training and development opportunities.

### **Recommendations**

13. The Council Secretariat will continue to work with paper authors and those giving presentations to ensure that the information provided is succinct and informative, and clearly identifies the outcome required.

14. Meetings held in Whitechapel and Charterhouse Square will be arranged in order to include a short presentation from staff based at those campuses.

15. The Council Secretariat will consider other opportunities for co-opted members to engage with Council and QMSE members, such as dinners held for Council members and opportunities to meet with staff ahead of Committee meetings.

16. The internal and external auditors will be invited to comment on best practice and the approach taken by the Committee at the annual *in camera* meetings, in addition to their input to Committee meetings.

17. Opportunities for training and updates on matters relevant to higher education and the work of the Committee will be identified and communicated to members by the Council Secretariat, including sessions organised by Advance HE (previously the Leadership Foundation for Higher Education).

### **Outcome Sought**

18. Members are invited to consider the following questions in reviewing the summary of feedback and recommendations:

- a. Are members satisfied that sufficient action is being taken or is proposed to address the issues raised?
- b. Are there further improvements required?
- c. Have the discussions elicited feedback that is useful or are there other topics which need to be addressed?
- d. Should this approach to effectiveness review be continued in future?

19. Audit and Risk Committee is asked to **consider** the findings from the annual review of Committee effectiveness.

## **Audit and Risk Committee Terms of Reference 2018–19**

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.
  - 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 Chairman 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 an *in camera* meeting with the representatives of internal and external audit on two occasions per year, 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 2018–19 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

David Willis

#### Up to four other external members of Council

Kathryn Barrow  
Monica Chadha  
Peter Thompson

#### Up to two co-opted members

Melissa Tatton<sup>1</sup>  
Nadim Choudhary<sup>2</sup>

### In attendance

Academic Registrar and Council Secretary  
Vice-Principal (Science and Engineering)  
Chief Operating Officer  
Finance Director  
Deputy Director (Financial Controls)

Jonathan Morgan  
Professor Edmund Burke  
Laura Gibbs  
Joanne Jones  
Janice Trounson

#### External Auditors [Deloitte]

Sue Barratt  
Paul Thomas

#### Internal Auditors [KPMG]

Paul Cuttle  
Neil Thomas

### Secretariat

Assistant Registrar (Council and Governance)  
Governance Officer

TBC  
Nadine Lewycky

### Papers circulated for information to:

Hard copy to:

Archivist  
Treasurer

Naomi Sharp  
Luke Savage

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<sup>1</sup> Second term of office expires September 2021.

<sup>2</sup> First term of office expires 22 October 2019.