

AUDIT & RISK COMMITTEE

TERMS OF REFERENCE

1. Review the effectiveness of internal control systems, risk management and corporate governance arrangements, and in particular the external auditors' management letter, the internal auditors' annual report, and management responses.
2. Consider 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 the funding council's accounts direction.
3. Monitor the implementation of agreed recommendations arising from internal and external audit reports.
4. Consider and approve the appointment and terms of reference 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.
5. Discuss with the external auditors each year, sufficiently before the audit begins, the nature and scope of the audit.
6. 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).
7. Consider and approve 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, and any questions of resignation or dismissal of the internal auditors.
8. Review the internal auditors' audit needs assessment, strategy and programme; consider major findings of internal audit investigations and management's response, and any other matters the external auditors may wish to discuss (in the absence of management where necessary); 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 College's needs.
9. Ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the funding council's accounting officer, have been informed.
10. Oversee the College's policy on fraud and irregularity, including being notified of any action taken under that policy.

11. Receive any relevant reports from the National Audit Office, the OfS, and other organisations.
12. Monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their independence and objectivity.
13. Report to the Council at least annually on its activity for the year, and after each meeting if necessary.
14. With regards to risk:
 - (a) review the College's overall approach to risk management;
 - (b) review and give annually its opinion to Council on the adequacy and effectiveness of the College's risk management control and governance arrangements, including the College's processes for identifying and assessing risks (in particular health and safety, animal care, security and IT risks) and its strategies and policies for managing them;
 - (c) receive and consider regular reports from the Finance Committee of their reviews of financial risks, including capital projects;
 - (d) review those risks (or opportunities) which have the potential to significantly impede (or advantage) the College in achieving its stated strategy
 - (e) discuss in depth the sub-set of risks with the highest likelihood of occurrence or highest potential impact and in particular understand the potential scenarios and outcomes if these risks were to occur and how these might be mitigated (or made more likely);
 - (f) work with management, legal and internal audit to ensure that ample attention is paid to the most serious or likely risks and opportunities; and
 - (g) recommend to Council the College's overall risk register and bring forward specific risks or opportunities to be discussed in more depth by Council.
15. Receive for information, annual reports in compliance matters, including safeguarding.
16. Advise Council on the College's arrangements for promoting economy, efficiency and effectiveness and on the College's arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), OfS, and other funding bodies.
17. In the event of the merger or dissolution of the College, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.
18. The Committee shall have the authority to call for any information from College officers, external and internal auditors and others which it considers necessary to discharge its responsibilities effectively.

CONSTITUTION

19. The Committee and its Chair shall be appointed by the Council from among its own members and must consist of members with no executive responsibility for the management of the College. One member of the Audit and Risk Committee (and not its Chair) may also serve on the College's Finance Committee.

20. Members

a. A Chair to be appointed by the Council from among the external members of the Council.

b. At least two members, at least one of whom shall have recent and relevant expertise and experience in finance, accounting or auditing, to be appointed by the Council from among the external members of the Council. Member expertise in risk analysis and management is desirable.

c. The Committee shall have the power to co-opt up to two additional external members if it sees fit.

21. In Attendance (as appropriate)

The President or Provost
The College Secretary
The Chief Operating Officer
The Chief Financial Officer
The Vice Provost Research
The Vice Provost Education
The Director of Risk Management
The Director of Safety
The Establishment Licence Holder¹
The President of Imperial College Union
Internal Audit
Representatives of the external auditors

22. Secretary

The Head of Central Secretariat and Assistant Clerk to the Court and Council.

MEETINGS AND REPORTING

23. The Committee shall meet at least three times a year. The external auditors and internal auditors may request additional meetings be held if they consider it necessary.

24. The minutes of meetings of the Committee will be available to all members of the Council.

25. The Committee will prepare an annual Report for the Council and the President covering the College's financial year and any significant issues up to the date of signing the Report and its

¹ As required by the Animals (Scientific Procedures) Act 1986

consideration of the financial statements for the year. The Report must include the Committee's opinion on the adequacy and effectiveness of the College's arrangements for:

- a. Risk Management, control, and governance arrangements.
- b. Economy, efficiency, and effectiveness (value for money).
- c. The management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, OfS and other bodies.

26. This Report will be presented to the Council before the members' responsibility statement in the Annual Financial Statements is signed and must be shared with the OfS each year.

QUORUM

27. The quorum shall be the Chair and one other member.