BIRKBECK COLLEGE
University of London

AUDIT COMMITTEE
26 September 2018

Terms of Reference and Scheme of Membership 2018-19

Terms of Reference

1 The Audit Committee reports to the Governors on the College’s risk management, control and governance arrangements and its arrangements for ensuring economy, efficiency and effectiveness.

Duties

2 To advise the Governors 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.

3 To discuss if necessary with the external auditors, before the audit begins, the nature and scope of the audit.

4 To consider the audit aspects of the annual financial statements in the presence of the external auditors, including the external auditors’ formal opinion, the statement of Governors’ responsibilities, the statement of internal control and any relevant issues raised by the external auditors, in accordance with Office for Students Accounts Directions.

5 To discuss with the external auditors problems and reservations arising from the audits, including a review of the management letter incorporating management responses; and any other matters the external auditors may wish to discuss; and to meet with the external auditors in the absence of management at least annually.

6 To consider and advise the Governors on the appointment and terms of engagement of the internal auditors, 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 To review the internal auditors’ audit risk assessment and strategy; to consider major findings of internal audit investigations and management’s response; to meet with the internal auditors in the absence of management at least annually; and to promote co-ordination between the internal and external auditors.

8 To keep under review the effectiveness of risk management, control and governance arrangements, and in particular to review the external auditors’
management letter; the internal auditors' annual report; and management responses.

9 To monitor the implementation of agreed audit-based recommendations, from whatever source.

10 To ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the Office for Students, have been informed.

11 To oversee the College’s policy on fraud and irregularity, including being notified of any action taken under that policy.

12 To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

13 To receive any relevant reports from the National Audit Office, Office for Students and other organisations.

14 To monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the Governors concerning their reappointment, where appropriate.

15 In the event of the merger or dissolution of the College, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

Authority

16 The Audit Committee is authorised by the Governors

- to investigate any activity within its terms of reference and to seek any information it requires from any employee; all employees are directed to co-operate with any request made by the Committee.

- to obtain outside legal or other independent professional advice, where it considers it necessary, up to a limit of £5,000 in any one year. Expenditure beyond this amount requires Governors’ prior approval.

Meetings

17 The Committee will meet at least four times each financial year, normally at least once per term. The external or internal auditors may request a meeting if they consider it necessary.

Reporting

18 A report will be drafted each term and circulated to all Governors prior to the Governors’ termly meetings.
The Committee will prepare an annual report covering the College's financial year and any significant issues up to the date of preparing the report. 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. The annual report will give the Committee’s opinion, based on the information presented to it, on the adequacy and effectiveness of the College’s arrangements for:

- risk management, control and governance;
- economy, efficiency and effectiveness (value for money);
- management of the quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the Office for Students, UK Research and Innovation and other bodies.

The report will be addressed to the Governors and the Master as designated officer. It should normally be considered by the Governors before the Letter of Representation is signed and the annual financial statements approved.

The final version of the annual report to the Governors and Master will be shared with the Office for Students each year.

**Scheme of Membership**

The Audit Committee is appointed by Governors on the recommendation of the Nominations Committee.

It consists of at least three Governors who are neither staff nor students and who do not have significant interests or executive responsibilities in the College. The Committee may co-opt an additional non-Governor member with relevant expertise and experience.

At least one member should have recent and relevant experience in finance, accounting or auditing. No member may also be a member of the Finance and General Purposes Committee.

The Committee elects its Chair for the following session at the last meeting in each session.

**Attendance at meetings**

The Director of Finance and representatives of the internal and external auditors shall normally attend meetings where business relevant to them is to be discussed. The Master has a standing invitation to attend meetings. The clerk to the audit committee is the Clerk to the Governors.
Quorum

Two members.

Agreed by Governors December 2013
Updated September 2018

Members 2018-19

Independent Governors: Mrs Julia Collins (Chair)
Mr Clive Birch
Ms Cindy Leslie

Co-opted external expert member Mr Duncan Sankey

By Invitation

The Master Professor David Latchman

In Attendance 2018-19

Birkbeck:
College Secretary and Clerk to the Governors Mr Keith Harrison

Director of Finance Mr Keith Willett

Deputy College Secretary (Operations) Ms Megan Reeves

Deputy College Secretary (Governance) Mrs Katharine Bock

Internal Auditor (Knox Cropper): Mr Kevin Lally

External Auditor (KPMG): Mr Neil Thomas
Mr Ali Azam