UNIVERSITY OF DUNDEE
UNIVERSITY COURT

AUDIT & RISK COMMITTEE REMIT

To advise University Court in relation to its responsibilities for:

- proper financial management;
- the effectiveness of internal control and management systems;
- safeguarding the assets of the University and public funds;
- the economy, efficiency and effectiveness of the University's activities; and
- corporate governance and conduct of the University's operations.

Membership

The normal membership of the Committee is six members. All members are independent, at least half drawn from the lay membership of University Court, whence also the Convener is drawn. Remaining members are co-opted with the approval of the Governance & Nominations Committee. The term of office for lay members co-opted to serve on the Audit & Risk Committee shall be in line with the period of co-option for members of Court as defined in Statute 9(2)(g).

The quorum for any meeting of the Committee shall be three members, at least one of whom must be a member of the Court.

In Attendance

Convener of the Finance & Policy Committee
Vice-Principal (International)
University Secretary
Director of Finance
Director of Academic & Corporate Governance
Deputy Director of Finance
Internal Auditors
External Auditors
Other officers at the discretion of the Director of Finance

Secretary

Assistant Policy Officer (Risk & Audit).
Meetings

The Committee shall meet 4 times in each session. One meeting each year will incorporate a private meeting of the Committee with the internal and external auditors without officers present.

Quorum

Three members shall constitute a quorum.
CONSTITUTION AND OPERATION

Membership

- The Committee shall comprise not less than three members of the Court, all of whom shall be lay members, i.e. to the exclusion of members of staff of the University and full-time students.

- The Chairperson of Court shall not be a member of the Committee.

- The Committee may co-opt, with the approval of the Court, additional lay persons with appropriate expertise who are not members of the Court. The number of such co-opted members shall not exceed half of the membership. The term of office for these additional lay members shall be in line with the period of co-option for members of Court as defined in Statute 9(2)(g).

- At least one member of the Committee shall have a financial or accounting background.

- The Convener of the Committee shall be appointed by the Court and shall be a member of the Court. In the absence of the Convener at any meeting of the Committee, the Committee shall appoint any of its members as Acting Convener for that meeting.

- No member of the Committee shall concurrently be a member of the Court’s Finance & Policy Committee, although the Convener of the Finance & Policy Committee may attend meetings of the Audit & Risk Committee. A reciprocal right of attendance at meetings of the Finance & Policy Committee is granted to the Convener of the Audit & Risk Committee.

- The following skills/experience are particularly valued by the Committee:
  - Knowledge of internal and external audit;
  - Experience in financial management;
  - An accounting or internal audit qualification;
  - Senior management experience in a complex organisation/public body;
  - IT and business systems experience, ideally in a large and complex organisation;
  - Advisory and/or consultancy experience (for example as a partner in a corporate finance, law or accounting firm; and
  - Experience in the management of Higher Education.

The above skills should be covered by the Committee as a whole, with individual skill-sets contributing towards this.
Authority

- The powers delegated to the Committee by the Court shall be as defined in the Schedule of Delegation.

- The Committee shall have full authority to undertake and review activities associated with any matters within its terms of reference. For the purposes of such activities it shall be provided with adequate resources and full access to information and University personnel.

- The Committee shall have authority to obtain, without prior approval, legal or other independent professional advice within a financial limit determined by the Court (currently £15,000).

Proceedings

- The Committee shall usually meet four times annually and shall report, through submission of the minutes of each meeting, to the next available meeting of the Court.

- Each meeting of the Committee shall normally be attended by the University Secretary, Director of Finance, Director of Academic & Corporate Governance and, where business relevant to them is to be discussed, representatives of the internal and external audit services.

- Other members of the wider University Management Group may be invited to attend meetings as and when appropriate, particularly when internal audits relating to their area of leadership and management responsibility are being considered.

- The Committee’s Secretary shall normally be the Assistant Policy Officer (Risk & Audit).

DUTIES AND RESPONSIBILITIES

Effectiveness and Financial Control

- To review the robustness of financial and other control systems and to ensure that the Court’s policies on internal control are implemented by delegated officers.
- To ensure that all significant losses have been properly investigated, and that the internal and external auditors and the Funding Council have been informed if appropriate.
- To oversee the University’s policy on fraud and irregularity, and to receive regular reports on any incidents of fraud.
- To oversee the University’s policy for the prevention of bribery and corruption and the University’s gifts and donations policy and to receive reports as appropriate on activity in this area.
- To monitor, annually or more frequently if necessary, the implementation of approved recommendations arising from both internal and external audit reports and management letters.
- To monitor the effectiveness of the internal and external audit services, including attendance at Committee meetings, and promote co-ordination between the two.
• To monitor the University’s arrangements to secure value for money, whether these are made via internal or external audit or other means.

Risk Management

• To advise the Court on the effectiveness of risk management in the University, on the basis of regular reports on risk management from the Professional Services Group (PSG) and appropriate audit work.
• To review at least twice annually the Institutional Risk Register and make recommendations to the Court in this respect.
• To advise the Court on risks relating to the University strategy.

Internal Audit

• To advise the Court on the appointment and remuneration of internal auditors.
• To consider and advise the Court on the internal audit needs assessment and the strategic and annual internal audit plans.
• To consider and advise the Court on issues arising from internal audit reports.
• To receive an annual report from the internal audit service, which should include an opinion on the degree of assurance that can be placed on the system of internal control.

External Audit

• To advise the Court on the appointment and remuneration of external auditors.
• To guide the external auditors on the nature and scope of the audit as necessary.
• To consider and advise the Court on external audit reports and management letters.
• To consider and advise the Court on the University’s annual financial statements, ensuring the proper application of agreed accounting policies.
• In line with the policy set out in Annex 2 to monitor any advisory or other non-audit work undertaken for the University by the external auditors, to ensure that their independence is not compromised.

Other

• To oversee the University’s policy on public interest disclosure and receive reports on the outcomes of investigations of public interest disclosures.
• To receive routine reports from the University Solicitor on legal matters involving, or likely to involve, the University
• To ensure the University’s compliance with the Funding Council’s Code of Audit Practice.
• To receive and review reports relating to audit prepared by the Funding Councils, National Audit Office, European Commission and other bodies, and to advise the Court as necessary.
• To make an annual report on the work of the Committee for submission to the Court and the Funding Council.
## Membership 2018/19

### (1) Members

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Karen Reid (Convener)</td>
<td>(Lay Member of Court)</td>
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<tr>
<td>Karen Bassett</td>
<td>(Lay Audit &amp; Risk Committee Member)</td>
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<tr>
<td>Lady Lynda Clark</td>
<td>(Lay Member of Court)</td>
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<td>Keith Winter</td>
<td>(Lay Member of Court)</td>
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<td>Vacancy</td>
<td>(Lay Audit &amp; Risk)</td>
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### (2) Officers in Regular Attendance

<table>
<thead>
<tr>
<th>Name</th>
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<tr>
<td>Wendy Alexander</td>
<td>(Vice-Principal (Internationalisation))</td>
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<tr>
<td>Carol Prokopyszyn</td>
<td>(Director of Finance)</td>
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<tr>
<td>Dr Neale Laker</td>
<td>(Director of Academic &amp; Corporate Governance)</td>
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<tr>
<td>Peter Fotheringham</td>
<td>(Deputy Director of Finance)</td>
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<tr>
<td>Dr Jim McGeorge</td>
<td>(University Secretary)</td>
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<tr>
<td>Dr Elizabeth Rogers</td>
<td>(Assistant Policy Officer (Risk &amp; Audit))</td>
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POLICY ON USING EXTERNAL AUDITORS FOR NON-AUDIT SERVICES

This appendix sets out the policy for the appointment and remuneration of the external auditors for any work undertaken on behalf of the institution. It outlines the control processes that will be put in place to ensure compliance with the policy.

Statutory audit

The Director of Finance will recommend the overall fee for statutory audit to the Audit & Risk Committee. It is the responsibility of the Audit & Risk Committee to review the proposed audit fee and recommend it to the governing body for approval.

The Audit & Risk Committee will review the independence and effectiveness of the external auditors on an annual basis.

Other work as auditors or reporting accountants

While it is difficult to be precise about the definition of other work the external auditor may undertake as auditor, it includes the following:

- any other review of the accounts for regulatory purposes
- assurance work related to compliance and corporate governance, including high-level controls
- regulatory reviews or reviews commissioned by the committee
- accounting advice and reviews of accounting standards.

The Director of Finance must clear the appointment of the external auditor for any such work in advance with the Convener of the Audit & Risk Committee.

The Audit & Risk Committee will receive a report summarising work commissioned from external auditors, including fees payable for non-audit services.

Tax advisory services

The external auditor may provide tax advisory services, including tax planning and compliance, provided such advice does not conflict with the auditor’s statutory responsibilities and ethical guidance. Taxation includes, but is not limited to, income tax, corporation tax, value added tax, national insurance, business rates, climate change levy and other charges payable to or receivable from government departments.

The Committee will determine whether the appointment of the external auditor for any tax work would conflict with the auditor’s statutory duties. Any tax assignment requires the approval of the Director of Finance, who will consult with the Convener of the Audit & Risk Committee in respect of any assignment over £10k. The Audit & Risk Committee will receive a report on the tax advisory services provided by the external auditor, including fees payable.

Merger/acquisition support

It is permissible for the external auditor to be appointed to undertake specific merger/acquisition activities on behalf of the institution. However, the auditor cannot be appointed to undertake such work without the prior approval of the Director of Finance, who
will consult with the Convener of the Audit & Risk Committee regarding any assignment that could involve fees in excess of £10k. The Audit & Risk Committee will receive a report summarising work commissioned from external auditors, in respect of merger/acquisition activity including fees payable.

Other accounting advisory and consultancy work

There may be occasions when the external auditor is best placed to undertake other accounting, investigatory, advisory and consultancy work on behalf of the institution, because of the auditor’s in-depth knowledge of the institution. However, the following are specifically prohibited:

- work related to accounting records and financial statements that will ultimately be subject to external audit
- management of, or significant involvement in, internal audit services
- secondments to management positions that involve any decision-making
- any work where a mutuality of interest is created that could compromise the independence of the external auditor
- any other work which is prohibited by UK ethical guidance.

Any assignment in excess of £20,000 can only be awarded to the external auditor after competitive tender, with the exception of assignments involving their own intellectual property. The inclusion of the external auditor on a tender list requires the prior approval of the Director of Finance. The Director will consult with the Convener of the Audit & Risk Committee regarding any tender for work in excess of £10,000. The Audit & Risk Committee will receive a report summarising details of all such work commissioned, including fees payable.

Guidance

In principle, the committee should not agree to the auditor providing a service if the result is that:

- The audit firm or a member of the engagement team has a financial or other interest that might cause them to be reluctant to take action that would be adverse to the interests of the firm or a member of the engagement team (self-interest threat).
- The results of the non-audit service performed by the audit firm may be included in the institution’s financial statements, and thus not subject to proper audit review (self-review threat).
- The auditor undertakes work that involves making judgements and taking decisions which are the responsibility of management (management threat).
- The audit firm undertakes work that involves acting as advocate for the institution and supporting a position taken by management in an adversarial context (advocacy threat).
- The auditor is predisposed, for example because of a close personal or family relationship, to accept or not sufficiently question the institution’s point of view (familiarity threat).
- The auditor’s conduct may be influenced by fear or threats (intimidation threat).

The audit engagement partner should inform the committee of all significant facts and matters bearing on the auditors’ objectivity and independence, including those related to the provision of non-audit services, and any safeguards in place.