



## **TERMS OF REFERENCE AUDIT AND RISK COMMITTEE**

### **Affiliation**

The Audit and Risk Committee will be composed of up to five members, two of whom may be co-opted members with appropriate financial or audit experience.

The Committee will be composed of individuals with an appropriate combination of skills and experience to effectively perform their duties. Collectively, the Committee members should possess recent and relevant experience in risk management, finance, auditing, and assurance.

In order to maximize the independence and objectivity of the Committee, the following individuals will not be eligible to serve on the Committee.

- Members of the Finance Committee.
- The President of the Council.
- Governors with significant interests in the University.
- Anyone who has a significant interest in  
any of Dō University's professional advisors or providers of  
other important goods or services.

The Director General and other senior officials may not be members of the Audit and Risk Committee; however, they will normally attend its meetings. Other College staff members who are Governors may be members of the Committee, provided they do not hold significant executive, managerial, financial, or budgetary responsibilities at Dō University.

### **Meeting frequency and quorum**

The quorum of the Committee shall be three, provided that at least two of those present are Governors.

The Audit and Risk Committee will meet at least once a quarter.

Additional extraordinary meetings may be convened as needed, with the approval of the Chair.

### **Independence of the Committee**

In carrying out its functions, the Audit and Risk Committee, when it deems appropriate, has the power to:

- i. Enter into confidential session and (subject to quorum rules) exclude any or all participants and observers, except the Clerk. He or she will be granted access rights to obtain any information he or she deems necessary from staff members and Board Directors, and to consult directly with the College's auditors.
- ii. Investigate any activity falling within its terms of reference.
- iii. Obtain external professional advice.

The Committee shall not exercise executive functions, nor shall its members offer professional advice to Dō University. Advice from Committee members should only be provided in their capacity as Governors and within the scope of their powers. Rather than assuming executive functions, the Committee shall seek formal professional opinions from the Internal Audit Service, the External Auditor, or other professional advisors to the Board of Governors.

### **Terms of reference**

- a) The Audit and Risk Committee has the power to investigate any activity within its scope of competence and the right of access to obtain all information and explanations it deems necessary, from any source, to fulfill its duties.
- b) The scope of      The Committee's powers cover the subsidiary companies of Dō UNIVERSITY.

c) Ensure that Dō UNIVERSITY adheres to the Code of Audit Practices and responds to changes made to it from time to time.

d) Make recommendations to the Board of Trustees on the suitability and effectiveness of the Faculty's internal control systems and its mechanisms for risk management, oversight, and governance, as well as for ensuring economy, efficiency, and effectiveness (optimization of resources). The Committee shall also make recommendations to the Board of Trustees on the suitability and effectiveness of the processes established to oversee the institution's solvency and safeguard its assets.

(e) Advise the Governing Body on the appointment, reappointment, performance, termination, and remuneration of financial statement and regularity auditors, as well as other assurance service providers, including internal auditors, and ensure that all such assurance service providers meet relevant professional standards. This will involve issuing tenders at least every five years. Review the letters of engagement of financial statement and regularity auditors, as well as other assurance service providers.

f) Advise the Governing Body on the scope and objectives of the work of the internal audit service and the financial statements and regularity auditor.

g) Ensure effective coordination between the internal audit service and the financial statements auditor.

h) Consider and advise the Governing Body on the audit strategy and internal audit plans for the internal audit service.

i) Advise the Board of Directors on internal audit engagement reports and annual reports and on the control aspects included in the management letters from the auditor of the financial statements and the management's response to them.

j) Oversee, within an agreed timeframe, the implementation of agreed recommendations relating to internal audit engagement reports, internal audit annual reports, and the financial statements and management letters of the regularity auditors and any reports submitted by other audit and assurance service providers to the college.

- k) Consider audit reports submitted to the College, for example, from the NAO, industry funding bodies, HMRC, the HSE, and provide advice to the Governing Body as appropriate.
- l) Review and supervise the independence and objectivity of internal and financial statement auditors, taking into account relevant UK professional regularity, regulatory requirements.
- m) Inform Dō UNIVERSITY of any additional services provided by the financial statement, regularity and internal auditors and other audit and assurance service providers and explain how independence and objectivity have been safeguarded.
- n) Establish, in conjunction with the College's management, the relevant annual performance measures and indicators to monitor and review the effectiveness of the internal audit service and the financial statements auditor and regularity.  
Decide, based on this review, whether competition based on price and quality of the audit service is appropriate.
- o) Prepare an annual report for the Board of Directors and the Accounting Officer.  
The annual report shall summarize the committee's activities in relation to the financial year under review, including any significant matters arising up to the date of the report, as well as any significant internal control issues included in the management letters and the reports of the auditors or other audit providers. The report shall include the Committee's opinion on its own effectiveness and the fulfillment of its mandate, as well as its opinion on the adequacy and effectiveness of the college's audit arrangements, its governance framework, risk management and control, and its processes for ensuring economy, efficiency, and effectiveness. The annual report shall be submitted to the Board of Directors prior to the signature of the Statement of Corporate Governance and Internal Control in the accounts. A copy of the audit committee's annual report shall be submitted to the relevant funding body along with the annual accounts.
- p) Supervise the Corporation's policies and processes regarding fraud, irregularities, improprieties and reporting of irregularities, and ensure:

- i. the appropriate, proportionate and independent investigation of all allegations and instances of fraud and irregularities
  - ii. that the results of the investigation be communicated to the Audit and Risk Committee
  - iii. that the external auditor (and the internal auditor, if applicable) are informed of the results of the investigation and other matters of fraud, irregularities and improprieties, and that appropriate measures have been planned or implemented appropriate follow-up measures.
  - iv. that all significant cases of fraud or suspicion of fraud, theft, bribery, corruption, irregularities, material weaknesses or failures in the accounting or other control framework is reported to the ESFA as soon as possible
  - v. that fraud risks have been identified and controls have been established to mitigate them.
- q) Advise the Finance and General Purposes Committee on any relevant issues arising in the Financial Statements, including the statement of corporate governance and control.
- r) Have overall responsibility for the maintenance and review of the Board's Risk Register and any Assurance Framework and advise the Governing Body on whether it considers the plan and underlying system of controls to be adequate.
- s) Review the Dō UNIVERSITY annual Risk Management report, including the business continuity and disaster recovery plan.
- t) Notify the Funding Agency of the resignation or removal of auditors, except when this occurs due to the expiration of the period agreed for their hiring.
- u) Perform any other task delegated by the Corporation related to the supervision of internal control systems, risk management, regularity and property
- v) Consider and address the specific training and development needs of the Committee members.

## Review and approval

The effectiveness and functioning of the Committee will be reviewed every two years.

These Terms of Reference will be reviewed every two years, along with the Committee's Annual Business Plan. Any recommendations for amendments to the Terms of Reference will be submitted to the Governing Body.

Date	of	March 20, 2025 ARC Committee, December 7 Meeting
Review date:		March 2025