LASE Audit and Risk Committee Terms of Reference

1. Constitution

1.1 The Audit and Risk Committee is a Committee of the Board of Governors, operating under delegated authority.

2. Scope

2.1 The role of the Audit and Risk Committee to advise and assist the Board of Governors in respect of the entire assurance and control environment of London and South East University Group (LASE). This includes making recommendations to the Board of Governors on the effectiveness of the Group's' internal control and risk management. The Committee provides assurance to the Board of Governors that the Group's systems of internal control and monitoring processes are adequate and effective. The Committee recommends the Annual Financial Statements to the Board of Governors and reviews the findings of internal and external audits.

3. Membership

3.1 The membership shall comprise between three and six members, including:

- Two Independent Governors appointed by the Board of Governors to act as Chair and Vice Chair;
- Up to three other Independent Governors appointed by the People and Nominations Committee;
- Optionally, an independent co-opted member who is not a member of the Board of Governors with experience relevant to the Committee's remit may be appointed by the People and Nominations Committee from outside the University Group;

No member of the Audit and Risk Committee may also be a member of the Finance and Estates Committee. Members should not have significant interests in the University Group and should have no executive responsibility for the management of the University Group. The Chair and Vice-Chair of the Board of Governors may attend meetings as observers but shall not be members of the Committee. At least one member of the Committee should have relevant experience of finance, accounting or auditing.

3.2 Independent Governor members of the Audit and Risk Committee shall normally be appointed to the Committee for a term of three years and are eligible for re-appointment. Membership shall cease on expiry of the member's terms of office on the Board of Governors.

3.3 Any independent member co-opted from outside the Group shall normally be appointed to the Committee for a term of three years and shall be eligible for re-appointment up to a maximum period of office for nine years.

3.4 The quorum is three members.

4. Attendance at meetings

4.1 The following role holders shall normally attend meetings but are not members of the Committee.

- Group Chief Financial Officer;
- Group University Secretary;
- Group Chief Operating Officer;
- Vice Chancellor and Chief Executive Officer;
- Representatives of the internal and external auditors;
- The Chair and Vice-Chair of the Board of Governors may also attend occasionally as observers.

4.2 Other staff may be invited to attend for specific items where their attendance can inform and support the Committee.

5. Frequency and format of meetings

5.1 The Audit and Risk Committee will normally meet a minimum of four times per financial year.

5.2 The external auditors or internal auditors may request additional meetings if they consider it necessary. Additional meetings may be called by the Chair of the Committee as required.

5.3 Meetings will be held either in-person, via electronic means (e.g. online) or via a hybrid format, subject to agreement by the Chair. The Committee may also decide matters by email circulation. In between meeting of the Committee, the Chair of the Committee is empowered to decide matters falling within the Committee's remit by chair's action; matters decided by chairs action shall be reported to the next meeting of the Committee.

5.4 The Committee has the right, whenever it is satisfied that this is appropriate, to go into confidential session and exclude any or all other participants and observers other than the Secretary to the Committee.

5.5 At least once a year, the Committee should meet separately with the external auditors and internal auditors without any officers present.

6. Delegated authority

<u>Under the University' Group's Delegation Framework, the Committee is authorised by the Board of Governors to approve:</u>

6.1 **ARC annual report**: approve the content of the annual report on the work of the Committee, covering the University Group's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Board of Governors and Vice-Chancellor and will summarise the activity for the year. It will give the Committee's opinion of the adequacy and effectiveness of LASE's arrangements for the following:

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual financial statements);
- sustainability, economy, efficiency and effectiveness (value for money);
- the quality of data submitted to regulatory bodies.

The Audit and Risk Committee's annual report should normally be submitted to the Board of Governors before the members' responsibility statement in the annual financial statements is signed. The report will usually be published after consideration by the Board of Governors.

6.2 **Fees/workplans**: the annual fees, annual workplans and longer-terms strategies and plans of the internal and external auditors, including any non-audit services;

6.3 **Letters of engagement**: the signing of letters of engagement with the external and internal auditors;

6.4 **Accounting policies**: the accounting policies for the Group's financial statements;

6.5 **Accounts:** the filing of unaudited accounts with Companies House where permitted by the Companies Act 2006;

6.6 **Policies**: the Group's policies on fraud and irregularity (including bribery and money laundering) and public interest disclosure ('whistleblowing');

6.7 **TRAC return**: any confirmation required in relation to the Group's Transparent Approach to Costing (TRAC) return.

7. Other Duties

<u>The other duties of the Committee shall be to:</u>

7.1 **Sustainability and culture:** the Committee will seek assurance that key underpinning controls are satisfactory so that the Group functions effectively and compliantly and that suitable arrangements are in place to ensure the sustainability of the Group and promote value for money. This may include consideration of arrangements that:

- Support the culture and behaviour that is prevalent within the Group;
- Ensure the effective management of conflicts of interest;
- Enable the appointment of 'fit and proper persons' to the Board of Governors and senior executive positions.

With respect to culture and behaviour, the Committee shall liaise with the People and Nominations Committee (PNC) to enable the Committee to derive assurance from the PNC without duplicating work.

7.2 **Annual financial statements**:

- Review the audit of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issues raised in the external auditors' management letter. 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 to the Board of Governors;
- Recommend the Group's financial statements to the Board of Governors to approve, based on receiving assurances on their integrity and compliance with financial reporting standards and other requirements (including the Office for Students Accounts Direction), informed by the external auditor's annual report and management letter.

7.3 Keep under review the effectiveness of the **risk management, culture, control and governance arrangements** and review the external auditors' management letter, the internal auditors' annual report and management responses;

7.4 Risk: with respect to risk:

- Consider the Strategic Risk Register and risk map to report to the Board of Governors that the executive's assessment of key strategic risks is appropriate and in line with the Board of Governors' risk appetite;
- Report to the Board of Governors that controls and plans to mitigate risks are appropriate;
- Receive presentations on the Group's significant strategic risks and their management;
- Consider new and emerging risks and report on them to the Board of Governors;
- Review the Group's risk management framework (Statement of Risk Appetite, Risk Management Policy and Risk Management Guidance) every two years or more frequently as necessary and recommend any changes to the Board of Governors.

7.5 **Appointment of internal and external auditors:** advise the Board of Governors on the appointment of the internal and external auditors; recommend the (re)appointment period and any matters related to the resignation or dismissal of the internal and external auditors, for the Board of Governors' approval; monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity;

7.6 **Scope of external audit:** discuss with the external auditors, before the audit begins, the nature and scope of the audit; 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);

7.7 **Review internal audit programme:** review the internal auditors' audit risk assessment, strategy and programme recommendations, management responses, and the internal auditors' annual report; consider major findings of internal audit investigations and management responses, and promote coordination between the internal and external auditors;

7.8 **Internal auditors' resources:** the Committee will ensure that the resources made available for internal audit are enough to meet the University's needs (or make a recommendation to the Board of Governors as appropriate);

7.9 **Audit recommendations:** monitor the implementation of agreed audit-based recommendations from whatever source;

7.10 **Investigate significant losses**: 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;

7.11 **Policies and procedures:** oversee the University's policies on fraud and irregularity (including bribery and money laundering) and public interest disclosure ('whistleblowing'), including being notified of any action taken under these policies;

7.12 **Data quality:** the committee shall satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies, including that the Designated Data Body of the Office for Students (OfS condition of registration F4);

7.13 **Prevent:** review any returns required by the Office for Students in relation to compliance with the Prevent statutory duty and confirm the integrity of institutional quality arrangements prior to recommendation to the Board of Governors for approval;

7.14 **Anti-Slavery and Human Trafficking Statement:** review the University Group's annual Anti-Slavery and Human Trafficking Statement for recommendation to the Board of Governors for approval;

7.15 **Legal cases**: receive a six monthly report on legal cases (including employment tribunals);

7.16 **Monitor external assurance:** monitor other relevant sources of assurance, for example other external reviews;

7.17 **Wider policy**: consider wider policy and reports from internal and external bodies which may have implications on the work of the Committee;

7.18 **Regulation:** receive any relevant reports from the National Audit Office, the Office for Students and other organisations;

7.19 **Merger, dissolution or market exit:** in the event of the merger, dissolution or market exit of the Group, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

8. Authority of the Audit and Risk Committee

8.1 The Committee is authorised by the Board of Governors to investigate any activity within its terms of reference. The Committee has full authority to commission investigations into specific matters of concern, whether by management, a committee or the internal or external auditors, with an expectation of full cooperation and disclosure. It is authorised to seek any information it requires from any employee, and all employees are directed to cooperate with requests made by the Committee.

8.2 The Committee is authorised by the Board of Governors to obtain outside legal or other independent professional advice and to secure the attendance of non members with relevant experience and expertise if it considers this necessary, normally in consultation with the Vice-Chancellor and/or Chair of the Board of Governors, within such limits of expenditure as may be specified by the Board of Governors.

9. Reporting Procedures

9.1 The Audit and Risk Committee reports to the Board of Governors as follows:

- **Frequently:** through summaries of the minutes of each meeting to the next meeting of the Board. Additionally, the Committee Chair delivers an oral report (along with other committee chairs) as an item on the Board meeting agenda.
- **Annually:** The Committee will prepare an annual report covering the University's financial year and any significant issues up to the date of preparing the report (see 6.1).
- **Periodically** via other policies, reports, plans and progress updates which it reviews and/or recommends for Board of Governors' approval within the business cycle and its terms of reference
- **Ad hoc:** where urgent Group-wide matters require direct escalation to the Board of Governors for decision or discussion.

10. Secretarial arrangements

10.1 The Committee will be clerked by the Group's University Secretary or their nominee.

11. Review

11.1 The Committee will review its own effectiveness annually and in greater depth at a minimum of every three years. Reviews may be performed as part of wider governance effectiveness reviews.

11.2 These terms of reference will be reviewed annually to ensure their effectiveness and any amendments recommended to the Board of Governors for approval.

Approved by Board of Governors: 12 August 2026

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