



Review of Committee Effectiveness, Terms of Reference and Membership

Outcome requested:	Audit and Risk Committee is asked to consider the findings of the Committee effectiveness review and approve the revised terms of reference and updated membership list.
Executive Summary:	<p>A survey on the effectiveness of Council and the sub-committees was conducted between Monday 4th and Tuesday 26th April. The paper summarises the key findings that relate to the Audit and Risk Committee.</p> <p>It includes a number of recommendations relating to:</p> <ul style="list-style-type: none"> • the format of papers; • succession planning; • opportunities for professional development. <p>Minor revisions to the Committee’s terms of reference are proposed.</p>
QMUL Strategy:	The effective management of the QMUL’s governance arrangements underpins the ability to achieve the strategic aims.
Internal/External regulatory/statutory reference points:	<p>HEFCE Memorandum of assurance and accountability between HEFCE and institutions</p> <p>CUC Handbook for Members of Audit Committees in Higher Education Institutions</p> <p>Audit and Risk Committee Terms of Reference</p> <p>CUC Code of Governance</p>
Strategic Risks:	13 – Maintain effective and constructive governance
Equality Impact Assessment:	No equality or diversity issues are raised by this paper.
Subject to prior and onward consideration by:	The recommendations and revised terms of reference and membership will be considered by Governance Committee on 16 June and Council on 28 June.
Confidential paper under FOIA/DPA:	No.
Timing:	The Committee effectiveness review is considered annually. The revised terms of reference will apply from 2016–17 onwards.
Author:	Sian Marshall, Assistant Registrar (Council and Governance)
Date:	05 May 2016
Senior Management/External Sponsor:	David Willis, Chairman of Audit and Risk Committee

Review of Committee Effectiveness, Terms of Reference and Membership

Terms of Reference and Membership

1. The Committee's terms of reference and updated membership list are appended to this report (appendix 1). A number of minor amendments are proposed to the terms of reference, which were reviewed and substantially updated in September 2014, to standardise their format and to remove references to 'the College'.

Committee Effectiveness

2. It is a requirement of the Audit and Risk Committee terms of reference that the Committee reviews its effectiveness on an annual basis. The last review was considered by the Committee in February 2015, based on a survey conducted in November 2014.
3. A combined survey on the effectiveness of Council and the sub-committees was conducted between Monday 4th and Tuesday 26th April and all members of Council and each of the sub-committees (including co-opted members), and regular attendees were asked to complete it. A set of questions was included to assess the effectiveness of the Audit and Risk Committee, which received 5 out of a possible 9 responses (see appendix 2).
4. The key findings from the survey can be summarised as follows:
 - i. The arrangements for, and the conduct and chairing of Committee meetings are effective and enable active discussion.
 - ii. Members' attend regularly, participate actively in meetings and their experience and skills are used effectively to enable the Committee to meet its roles and responsibilities.
 - iii. The recruitment of co-opted members is effective but the succession planning for external members of Council could be improved. This is a concern that was raised by the previous review and has been addressed in part by the recruitment of an additional co-opted member.
 - iv. Members have a good understanding of their roles, responsibilities and accountabilities of the Committee and the distinction between governance and management. The horizon-scanning exercise, which has been introduced as an annual item of business in response to the last review, intended to enable members to consider the Committee's role in the wider context of the external environment. The attendance of the President and Principal for this item responds to the request for more information about the Executive's key issues or concerns.
 - v. Members feel they receive effective support, induction and ongoing professional development. In response to a recommendation from the previous review, a comprehensive induction programme has been introduced for new members and opportunities to attend briefings by accounting and audit firms are regularly publicised to all members.
 - vi. The Executive has taken on board concerns raised in the past regarding the timeliness and robustness of reports. However, further work is required to ensure that papers are appropriate in length and focus, include an executive summary and clearly state the outcome requested from the Committee. This is a concern that was raised by the previous review and requires further attention. A number of recommendations from the previous review in this area have been addressed

including the format of the internal audit recommendation tracker, the increased use of starred items and improved guidance to presenters attending the Committee.

5. Based on the findings above, the following recommendations are proposed:
 - i. The Council Secretariat should continue to work closely with paper authors to ensure that Committee papers are appropriate in format and are tailored to the needs of members.
 - ii. Governance Committee should be asked to consider the succession planning for external Council members on the Committee. This may usefully form part of the skills matrix exercise that Governance Committee plans to conduct later in the year.
 - iii. Members should continue to be provided with opportunities to attend external seminars for professional development and should be encouraged to share any relevant information received. Members are invited to consider whether they would like to receive any specific briefings or development sessions during the coming year to aid them to fulfil their roles on the Committee.

Outcome Requested

6. Audit and Risk Committee is asked to:
 - a. **approve** the Committee's revised terms of reference and updated membership list;
 - b. **consider** the Committee's effectiveness and the proposals for improvements.

Appendix 1



Audit and Risk Committee Terms of Reference 2016–17

Audit and Risk Committee is a committee of Council, mandated by HEFCE under the Memorandum of Assurance and Accountability between HEFCE and Institutions. The Committee oversees ~~the College~~[Queen Mary University of London \(QMUL\)](#)'s arrangements for external and internal audit, financial control and risk management, providing assurances in these key areas through its annual report to Council and to HEFCE. ~~More specifically, the Committee will:~~

1. External and Internal Audit

- 1.1 ~~Make~~[To make](#) recommendations to Council at least annually on the appointment of external and internal auditors.
- 1.2 ~~Commission~~[To commission](#) a competitive tendering process for external and internal audit services at least every 5–7 years.
- 1.3 ~~Oversee~~[To oversee](#) external and internal audit services by:
 - promoting co-ordination between external and internal audit services;
 - providing input to, and approving, an annual external audit strategy and internal audit plan;
 - reviewing reports and recommendations from the external and internal auditors;
 - reviewing the adequacy and implementation of the Executive response; and
 - reviewing the effectiveness and objectivity of the external and internal auditors.
- 1.4 ~~Review~~[To review](#) the draft annual financial statements with the external auditors and recommend their adoption by Council following satisfactory resolution of matters raised.

2. Financial Control

- 2.1 ~~Review~~[To review](#) the effectiveness of the Executive's systems for:
 - production of data returns to HEFCE;
 - financial control;
 - obtaining value for money; and
 - responding to alleged financial irregularities.
- 2.2 In relation to alleged financial regularities:
 - [to](#) receive regular reports from the internal auditors and the Executive on reports received, investigations conducted and action taken; and
 - [to](#) obtain assurances that any significant losses have been appropriately disclosed and (where appropriate) reported to HEFCE and other external bodies.

3. Risk management

- 3.1 ~~Review~~ To review the effectiveness of mechanisms operated by the Executive for identifying, assessing and mitigating risks (including, where appropriate, mitigation by insurance).
- 3.2 ~~Regularly~~ To regularly consider the current status of core risks to the ~~College's QMUL strategy~~ Strategy, through the review of data and documents presented by the Executive and derived from the Strategic Risk Register.
- 3.3 ~~Periodically~~ To periodically test scores and controls in selected areas of ~~College~~ activity through consideration of specific reports.
- 3.4 ~~Review~~ To review HEFCE's Annual Institutional Risk Assessment, audits undertaken by its Assurance Service and relevant findings by other bodies.
- 3.5 ~~Oversee~~ To oversee the ~~College's~~ Public Interest Disclosure (whistle-blowing) policy and receive regular reports from the Executive on cases.

4. Legal and Statutory Compliance

- 4.1 To consider an annual report on exceptions to legal and statutory compliance from the Executive, and request follow up action, including investigation and reporting where identified.

5. Committee evaluation

- 5.1 ~~Review~~ To review the Committee's effectiveness and the suitability of its terms of reference annually.

Membership of Audit and Risk Committee

- No less than three and no more than five external members of Council, one of whom will be the Chairman of the Committee.
- Up to two co-opted members who are external to ~~the College~~ QMUL and have relevant expertise.

Mode of Operation

1. Audit and Risk Committee meets at least three times per year. The Committee holds an in camera meeting with the representatives of internal and external audit on two occasions per year, normally immediately ~~following~~ before scheduled meetings.

2. The Committee will prepare an annual report covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Council and the President and Principal, summarising the activity for the year, and providing an opinion on the adequacy and effectiveness of the institution's control arrangements as required by the HEFCE Memorandum of Assurance and Accountability between HEFCE and Institutions.

3. The Committee reports to the next meeting of Council following each of its meetings in the form of an executive summary of its minutes. Specific proposals requiring Council consideration and approval are identified in the terms of reference.

Audit and Risk Committee 2016–17 Membership

- No less than three and no more than five external members of Council, one of whom will be the Chairman of the Committee
- Up to two co-opted members who are external to the College and have relevant expertise

Chairman

External member of Council

David Willis

Up to four other external members of Council

Kathryn Barrow
Monica Chadha
Vacancy
Vacancy

Up to two co-opted members

Melissa Tatton
Nadim Choudhary

In attendance

Academic Registrar and Council Secretary
Vice-Principal (Science and Engineering)

Jonathan Morgan
Professor Edmund Burke

~~Treasurer~~

~~Simon Linnett~~

Chief Operating Officer

Laura Gibbs

Finance Director

Joanne Jones

Deputy Director (Financial Controls)

Janice Trounson

Deputy Director of Strategic Planning

David Marks

External Auditors [Deloitte]

Sue Barratt
Paul Thomas

Internal Auditors [KPMG]

Paul Cuttle
Neil Thomas

Secretariat

Assistant Registrar (Council and Governance)

Rachel Soper

Papers circulated for information to:

Hard copy to:

Archivist

Lorraine Screene

Treasurer

Simon Linnett

A Survey on the Effectiveness of Council 2015-16

Showing 17 of 17 responses

Showing **all** responses

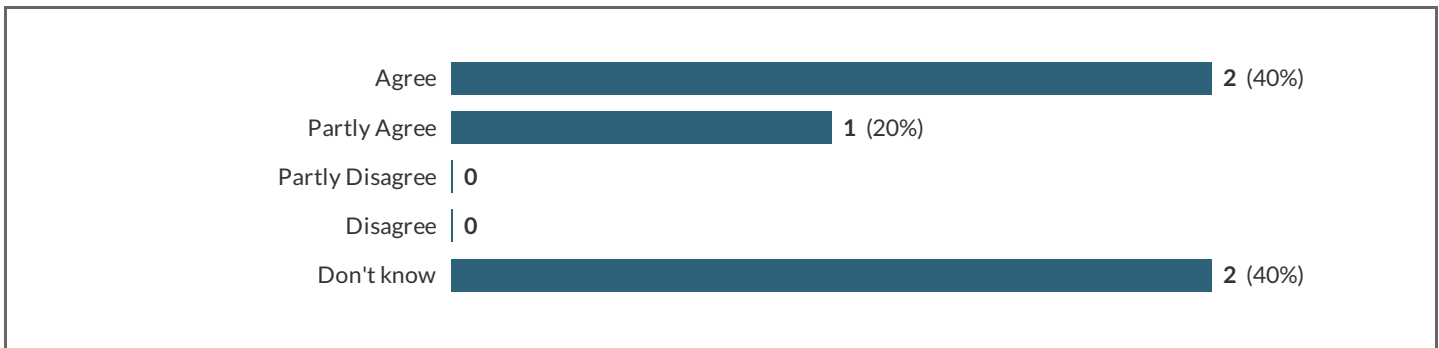
Hiding **14** questions

Audit and Risk Committee

5 Sub-committee effectiveness

5.1 The arrangements for Committee meetings (number, timing, location, length of meetings, administration etc) are fit for purpose.

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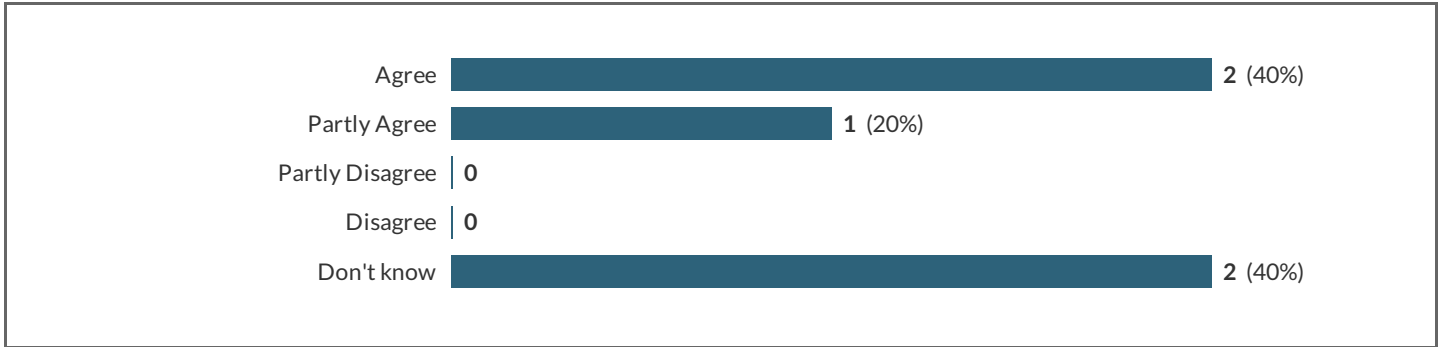


5.1.b The arrangements for Committee meetings (number, timing, location, length of meetings, administration etc) are fit for purpose. - Explanatory Comments. Please summarise the reasons for your ratings given:

Showing all 3 responses	
We are well supported by the secretariat. The Robert Tong room is not my favourite.	191146-191139-13296126
Not a member	191146-191139-13468034
N/A - yet to attend	191146-191139-13527661

5.2 The size, nature, experience, skills and diversity of the Committee membership are appropriate to meet its roles and responsibilities.

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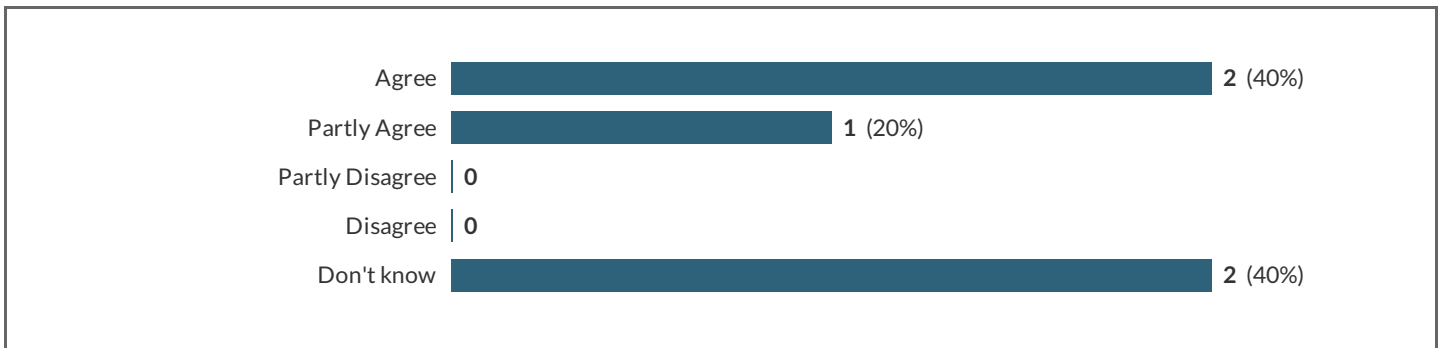


5.2.b The size, nature, experience, skills and diversity of the Committee membership are appropriate to meet its roles and responsibilities. - Explanatory Comments. Please summarise the reasons for your ratings given:

Showing all 2 responses	
There are several new members so it may take some time to on-board these members.	191146-191139-13257524
We are back to a full complement with Monica's appointment.	191146-191139-13296126

5.3 The recruitment, succession planning of Committee members is effectively undertaken.

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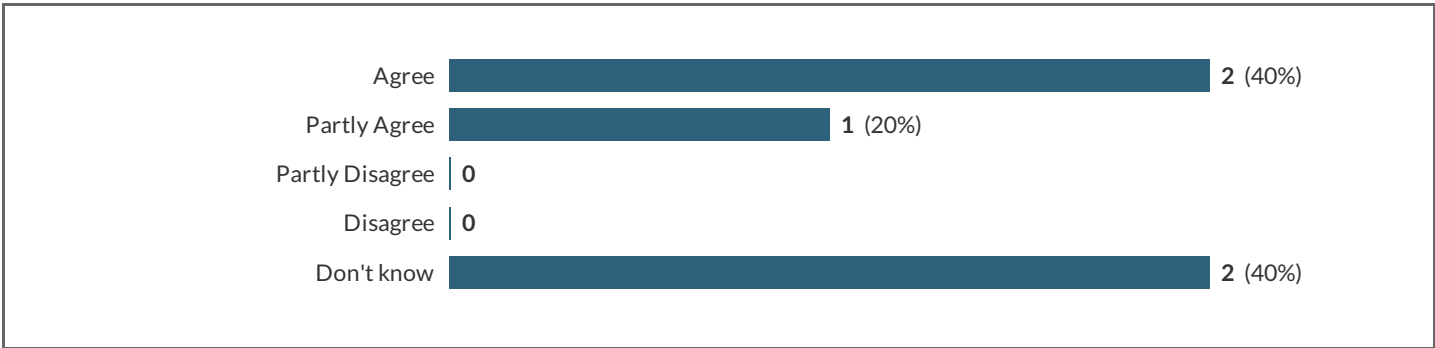


5.3.b The recruitment, succession planning of Committee members is effectively undertaken. - Explanatory Comments. Please summarise the reasons for your ratings given:

Showing 1 response	
Yes as to co-opted members. Attracting Council members to committees is a bit haphazard.	191146-191139-13296126

5.4 Effective support, induction and ongoing professional development exists for members, and is valued by them.

5.4.a Effective support, induction and ongoing professional development exists for members, and is valued by them.

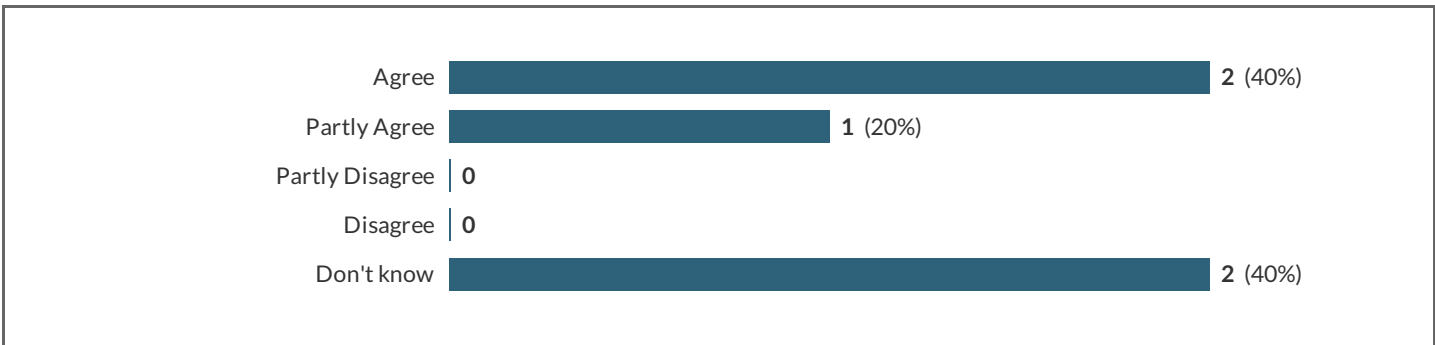


5.4.b Effective support, induction and ongoing professional development exists for members, and is valued by them. - Explanatory Comments. Please summarise the reasons for your ratings given:

No responses

5.5 The existing roles, responsibilities and accountabilities of the Committee are clearly defined and are known by both members and the executive.

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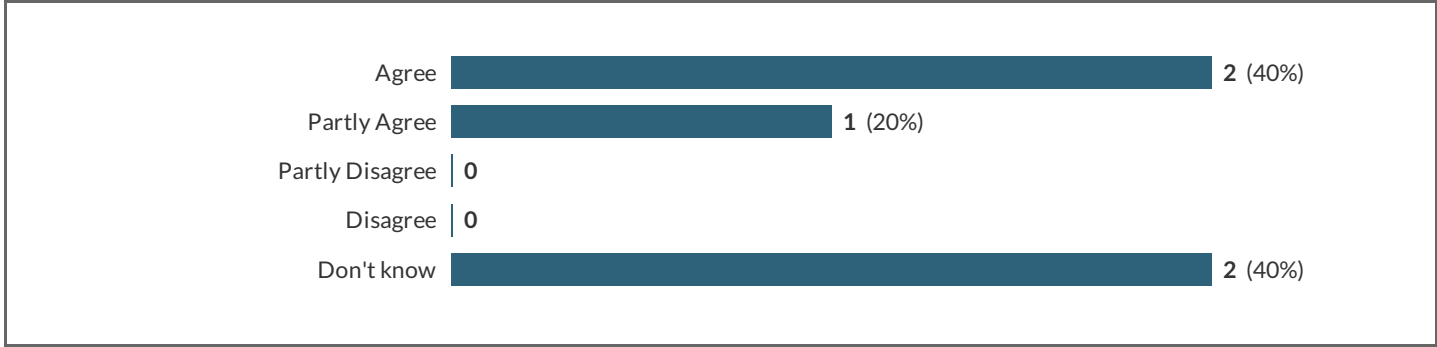


5.5.b The existing roles, responsibilities and accountabilities of the Committee are clearly defined and are known by both members and the executive. - Explanatory Comments. Please summarise the reasons for your ratings given:

Showing 1 response	
At times it appears that the accountability between members and the executive are a little unclear.	191146-191139-13257524

5.6 Committee members are motivated, attend regularly, participate actively, and their skills and experience are used effectively.

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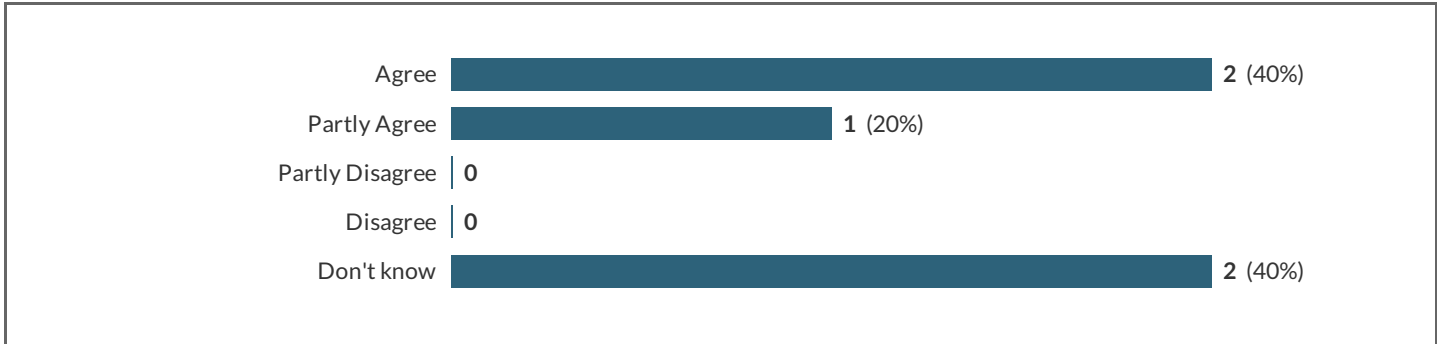


5.6.b Committee members are motivated, attend regularly, participate actively, and their skills and experience are used effectively. - Explanatory Comments. Please summarise the reasons for your ratings given:

No responses

5.7 The Committee receives timely and accurate information for all areas for which it is responsible, and has confidence in the robustness of this data.

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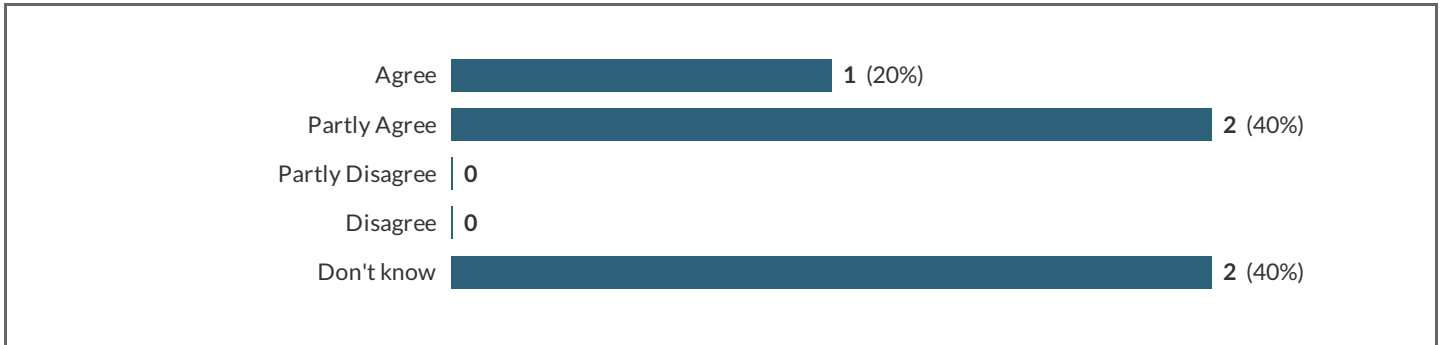
5.7.b The Committee receives timely and accurate information for all areas for which it is responsible, and has confidence in the robustness of this data. - Explanatory Comments. Please summarise the reasons for your ratings given:

Showing 1 response	
In the past year there have been instances where the Committee have not been content with the timeliness and robustness of reports. This was taken on board by the executive and rectified.	191146-191139-13257524

5.8 Information is presented to the Committee in as effective a way as possible, taking account of the information

Appendix 1
needs expressed by the board.

5.8.a Information is presented to the Committee in as effective a way as possible, taking account of the information needs expressed by the board.

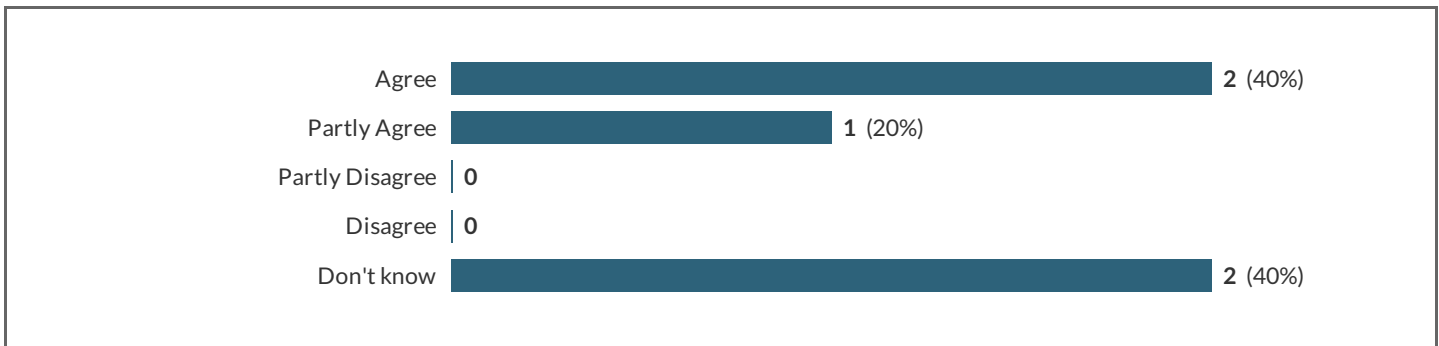


5.8.b Information is presented to the Committee in as effective a way as possible, taking account of the information needs expressed by the board. - Explanatory Comments. Please summarise the reasons for your ratings given:

Showing all 2 responses	
Members of the executive are responsive to the information needs of the Committee. At times the volume of content can feel heavy.	191146-191139-13257524
Occasionally, papers are too long and/or authors have not taken sufficient care to provide an executive summary and be clear what is wanted from the committee.	191146-191139-13296126

5.9 Meetings and business are effectively conducted and chaired in a way which encourages an appropriate degree of transparency, openness and engagement, and which has the general confidence of members.

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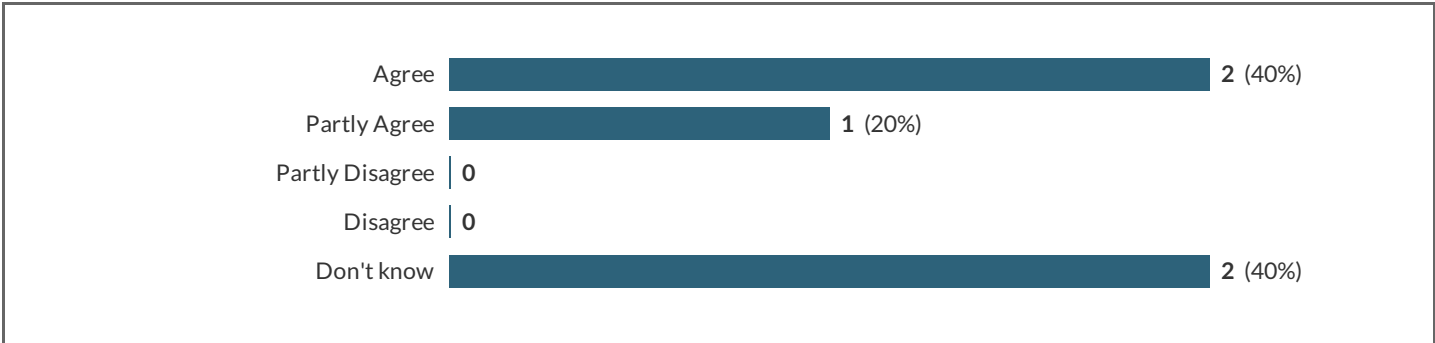


5.9.b Meetings and business are effectively conducted and chaired in a way which encourages an appropriate degree of transparency, openness and engagement, and which has the general confidence of members. - Explanatory Comments. Please summarise the reasons for your ratings given:

No responses

5.10 All members are actively involved in discussion and demonstrate a shared purpose and commitment, whilst maintaining the distinction between governance and management.

5.10.a All members are actively involved in discussion and demonstrate a shared purpose and commitment, whilst maintaining the distinction between governance and management.



5.10.b All members are actively involved in discussion and demonstrate a shared purpose and commitment, whilst maintaining the distinction between governance and management. - Explanatory Comments. Please summarise the reasons for your ratings given:

No responses

6 Thinking about the support, induction and ongoing professional development available for Audit and Risk Committee members, what activities would you like to see provided during 2016-17? This could be 1-1 or large group sessions or another type of activity.

Showing all 4 responses	
While I am down to attend the ARC; end to fulfil my duties by meeting the Chair before the meeting and going through the papers (which, in the context of audit papers, are pretty good) before the meeting; I think this works reasonably well for both of us and allows the Committee to challenge F+IC in private. I would welcome greater clarity on the provision of financial info - ARC makes sure it is right; F+IC tries to set financial strategies based thereon.	191146-191139-13172208
A short session to discuss the responsibilities of an HE Audit and Risk Committee to make clear the role of ARC members, and for the executive to be clear where the boundary is drawn.	191146-191139-13257524
As we have done with the recent BDO seminar, we should continue to give all members (not just the chair) the opportunity to attend seminars organised by the accounting firms and equivalent.	191146-191139-13296126
David has been terrific thus far. We have already chatted over lunch about obligations and expectations. I have signed up to KPMG and BDO governance briefing updates. Look forward to getting started!	191146-191139-13527661