

# University Assurance Service

## Terms of Reference



### 1. Role of the University Assurance Service (UAS)

- 1.1 The UAS is responsible for conducting an objective and independent appraisal of all the University's activities, financial and otherwise. It should provide a service to the whole organisation, including Council and all levels of management.
- 1.2 The UAS is responsible for evaluating and reporting to Council and the Vice-Chancellor, and thereby providing them with assurance on the arrangements for risk management, control and governance, and VFM. It remains the duty of management, not the Internal Auditor, to operate these arrangements. The UAS is not an extension of, nor a substitute for, good management, although it can have a role in providing consulting services to advise management.

### 2. Scope

- 2.1 All the University's activities, funded from whatever source, fall within the remit of the UAS. The UAS will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management has taken the necessary steps to achieve these objectives and manage the associated risks.
- 2.2 The scope of internal audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on financial statements. This does not imply that all systems will be subject to review, but that all will be included in the audit risk assessments and hence considered for review following the assessment of risk.
- 2.3 It follows that if internal audit is to give an opinion on the whole system then that will include academic operations. The role of internal audit in this area is to confirm that there are adequate systems for management of teaching and learning and research. For example, internal audit could confirm that the examination system is operating effectively and meeting its objectives, but this does not mean that internal audit should form academic judgements. Similarly, internal audit might review a research grant to ensure that the requirements of the grant have been met, but it should not form a view on the merit of the research undertaken.
- 2.4 The Head of UAS will share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.
- 2.5 The internal audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results. The Head of UAS must disclose such interference to Council and discuss the implications.
- 2.6 It is not within the remit of the UAS to question the appropriateness of policy decisions. However, internal audit is required to examine the arrangements by which such decisions are made, monitored and reviewed.
- 2.7 The UAS may also conduct any special reviews requested by Council, Audit Committee or Vice-Chancellor, provided such reviews do not compromise its objectivity or independence, or achievements of the approved audit plan. The UAS may provide assurance services where it had

previously performed consulting services, provided that the nature of the consulting does not impair objectivity and provided individual objectivity is managed when assigning resources. Conversely, the UAS may provide consulting services relating to operations for which they had previous responsibilities. Potential impairments to independence or objectivity relating to proposed consulting services will be disclosed prior to commencing the work.

### **3. Responsibilities**

3.1 The Head of UAS is required to give an opinion to Council and Vice-Chancellor, through the Audit Committee, on the adequacy and effectiveness of the arrangements for risk management, control and governance; and for economy, efficiency and effectiveness (value for money) within the institution; and the extent to which Council can rely on these. He or she should also comment on other activities for which the governing body is responsible, and to which the UAS has access.

3.2 To provide the required assurance, the UAS will undertake a programme of work based on a strategy, authorised by Council on the advice of the Audit Committee. The programme will evaluate the arrangements in place:

- To make strategic and operational decisions.
- To establish and monitor the achievement of organisational objectives.
- To oversee risk management and control.
- To advise on, formulate and evaluate policy within the responsibilities of the Vice-Chancellor.
- To ensure compliance with policies, laws and regulations.
- To ascertain the integrity and reliability of financial and other information provided to management and stakeholders, including that used in decision making.
- To ascertain that systems of control are laid down and operate to promote the most economic, efficient and effective use of resources and to safeguard assets.

### **4. Standards and Approach**

4.1 The UAS's work will be performed with due professional care, in accordance with appropriate professional auditing practice. It will have regard to Treasury and IIA standards and will comply with the HEFCE (Higher Education Funding Council, England) Audit Code of Practice.

4.2 In achieving its objectives the UAS will develop and implement an audit strategy that assesses the University's arrangement for risk management, control and governance and for achieving value for money.

4.3 The Head of UAS will develop and document a plan for each assignment, including the engagement's objectives, scope, timing and resource allocations. The plan will consider the University's strategies, objectives and risks relevant to the assignment.

4.4 Final communication of assignment results will include applicable conclusions as well as recommendations and/or actions plans.

4.5 The Head of UAS will exercise due professional care during a consulting engagement by considering:

- The needs and expectations of the University, including the nature, timing and communication of engagement results
- Relative complexity and extent of work needed to achieve the engagement's objectives
- Cost of the consulting engagement in relation to potential benefits

- 4.6 The Head of UAS will decline any requests for advice or obtain competent advice and assistance if the internal auditors lack the knowledge, skills or competencies to perform all or part of an assignment. Any consulting work arising from the results of an assurance assignment will be planned, undertaken and communicated as a separate consulting activity.
- 4.7 The Head of UAS will implement measures to monitor the effectiveness of the service and compliance with standards. The Audit Committee will consider and approve the performance measures and may also ask the external auditor to provide an independent assessment of internal audit's effectiveness.
- 4.8 An external assessment will be conducted at least once every five years by a qualified independent assessor. The outcome of the assessment will be communicated to senior management and the Council, and will form part of service improvement plans.

## **5. Independence**

- 5.1 The UAS has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control and governance, value for money and related matters, subject to resource constraints. For day to day administration purposes only, the Head of UAS will report to the University Secretary. The Head of UAS shall have right of access to the Vice-Chancellor.
- 5.2 The Head of UAS will assume line management responsibility for the Information Governance Team for an interim period of 18 months (to 31 December 2017), after which this will be reviewed but it will continue to be line managed within the University Secretary's Office. All assurance over the University's Information Governance (and associated information security) risks for this period (and up to a year after completion) will be provided by the University's co-sourced internal audit provider. The co-sourced service provider will have a direct line of reporting to the Audit Committee to retain their independence in this area.
- 5.3 Within the University, responsibility for risk management, control and governance arrangements and the achievement of value for money rests with Council. It is for management to determine whether or not to accept audit recommendations, to recognise and accept the risks of not taking action, and to implement recommendations.
- 5.4 The UAS has rights of access to all the University's records, information and assets which it considers necessary to fulfil its responsibilities. Rights of access to other bodies funded by the University should be set out in the conditions of funding. The Head of UAS has a direct access to the Chairman of Council, the Chairman of the Audit Committee and the Vice-Chancellor. In turn, the UAS agrees to comply with any requests from the external auditors and the HEFCE Assurance Service for access to any further information, files or working papers obtained or prepared during audit work that they need to discharge their responsibilities.

## **6. Reporting**

- 6.1 The Head of UAS must submit an annual report to Council and the Vice-Chancellor through the Audit Committee. The report must relate to the institution's financial year, and include any significant issues up to date for preparing the report which affect the opinion. The report should give an opinion on the adequacy and effectiveness of the institution's arrangements for: risk management, control and governance, economy, efficiency and effectiveness and the extent to

which the governing body can rely on them. Knowledge of risks gained from consulting engagements will be evaluated in forming this opinion.

- 6.2 The Auditor should also prepare, before the beginning of the year, a long-term strategy document supported by an assessment of resource needs. These should be submitted to Council for approval following consultation with relevant managers and the Vice-Chancellor, and after consideration by the Audit Committee.
- 6.3 The Head of UAS is accountable to the Vice-Chancellor and Council through the Audit Committee for the performance of the service. He or she should also report audit findings to relevant managers (including the Vice-Chancellor) and draw the attention of the Audit Committee to key issues and recommendations. This may be done by providing the committee with copies of all reports, or by reporting on an exception basis, or by providing a summary of key issues.
- 6.4 The Head of UAS should usually produce its reports, in writing, within one month of completion of each audit, giving an opinion on the area reviewed and making recommendations where appropriate. Such reports should be copied to the Vice-Chancellor and Audit Committee. Managers will be required to respond to each audit report, usually within one month of issue, stating their proposed action with a timetable for implementing agreed recommendations. Material recommendations will usually be followed up some six to twelve months later. In addition the Audit Committee will monitor implementation of audit recommendations.
- 6.5 The Head of UAS should report to the Vice-Chancellor any serious weaknesses, significant fraud or major accounting breakdown discovered during the normal course of audit work. If the Vice-Chancellor refuses to report the matter to the HEFCE Accounting Officer, the Chairman of the Audit Committee and the Chairman of Council, then the Auditor must report to them directly.

## **7. Liaison**

- 7.1 The UAS will liaise with the External Auditors and the HEFCE Assurance Service to optimise the audit services provided to the University.