

# Office for Students - Risk and audit committee: terms of reference

## Purpose

1. The board of the Office for Students (OfS) has established a Risk and audit committee (RAC) as a committee of the board to support it and the OfS accounting officer by advising on the comprehensiveness and reliability of the processes relating to corporate governance, risk management and internal control.
2. This remit does not extend to the matters of risk, control and governance at the English higher education providers regulated by the OfS.
3. Except where explicitly delegated otherwise, the RAC acts only in an advisory capacity and has no executive or decision making powers.

## Responsibilities

4. The RAC will advise the OfS board and accounting officer on:
  - The processes for the assessment and management of OfS's current and future risks
  - The robustness of the OfS's systems for identifying and monitoring internal control processes
  - The appointment of the OfS's internal audit provider and head of internal audit, and the planned activity and results of this service
  - The OfS's accounting policies and annual financial statements, including both the interim accounts and final audited accounts, the completion report and OfS response, and the governance statement
  - The strategy, remuneration and work of the National Audit Office (NAO) for the audit work undertaken on the annual accounts
  - The adequacy and timeliness of management response to issues identified by both internal and external audit, and any relevant reports from the NAO, government, the OfS's sponsor department or other third parties
  - The adequacy of controls and processes relating to health, safety and environment, counter-fraud, bribery and whistleblowing within the OfS
  - Processes and assurances relating to arrangements for information security and cyber security within the OfS
  - The 2017-18 annual report and accounts for HEFCE following its planned closure at end of March 2018.
  - Any other matter upon which the board has asked for assurance or advice.

## Authority

5. The RAC is authorised by the OfS board to:

- Seek any information it needs from any employee of the OfS and any others with whom it has an accountability relationship
- Seek information from the internal auditors and the NAO (in their capacity as external auditors). The head of internal audit and the NAO will have confidential access to the chair of the RAC
- Procure specialist ad-hoc advice (including legal advice) at the expense of the OfS up to £10k per annum or as agreed by the board.

## **Membership**

6. The members of the RAC, including its chair, are appointed by the OfS chair. Members will have a mix of skills and experience to provide a range of expertise to cover the activities of the OfS, including at least one member with relevant qualifications and experience in accounting and finance.
7. Members are normally appointed for a period of three years. Re-appointment for up to three further years is subject to satisfactory appraisal by the RAC chair and approval by the OfS chair.
8. The chair of the RAC must be:
  - A non-executive member of the OfS board but not its chair to ensure the independence of the RAC
  - Independent of providers on the OfS register.
9. The RAC will consist of:
  - No less than three non-executive members of the OfS board (including the RAC chair)
  - Up to three independent members.
10. The validity of any proceedings of the committee shall not be affected by a vacancy among the members or by any defect in the appointment of a member. The quorum necessary for the transaction of the business of the committee shall be three members, including at least one member of the OfS board.
11. The RAC may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.
12. A register of declared interests for all members of the RAC will be published on the OfS website. If it is deemed that a member has an actual or perceived conflict of interest then any relevant paper(s) may be withheld or the member asked to leave the meeting for the duration of the discussion at the discretion of the chair. If the conflict is significant or likely to be long-term, then the member may be asked to step down from the RAC.

13. All members of the RAC are legally indemnified against negligence by the Department for Education.

### Meetings

- The RAC will normally meet at least three times a year. The chair of the RAC may convene additional meetings as they deem necessary
- In the absence of the RAC chair, the meeting will be chaired by another member that is also a member of the OfS board
- While only members have a right to attend, meetings of the RAC will normally be attended by the accounting officer, the Director of Resources, Finance and Transformation, the clerk to the committee, the head of internal audit and a representative of the NAO in their capacity as external auditors
- The RAC may also require any other officials of the OfS to attend to assist it with its discussions on any matter
- The RAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters
- Individually, the accounting officer, executive directors, the clerk to the committee, the head of internal audit and the NAO may, through the chair, request to meet with RAC members to discuss a confidential matter.

### Reporting

- The RAC will formally report in writing to the OfS board after each meeting. This will be complemented, where necessary, by an oral report from the RAC chair at the board meeting.
- RAC meetings shall be minuted and draft minutes circulated to members as soon as possible after the meeting.
- The RAC will provide the OfS board and the accounting officer with an annual report, timed to support finalisation of the annual report and accounts (including the governance statement) summarising its conclusions from the work it has done during the year.
- The terms of reference for the RAC will be reviewed on an annual basis. The OfS board will be asked to approve any changes to the terms of reference.
- The RAC's main duties shall be described in the OfS's annual report and accounts.

### Other

14. The RAC may set up a sub-committee to provide advice on any of the above issues. The membership and terms of reference of any sub-committee shall be agreed by the RAC chair.
15. The RAC will review its own effectiveness annually and report outcomes to the OfS board.