

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

### **CONSTITUTION:**

The Governing Authority has established a Standing Committee of the Governing Authority known as the Audit and Risk Assessment Committee which shall have a major oversight role in relation to risk management systems and shall satisfy itself that arrangements are in place to promote economy, efficiency and effectiveness of the University's activities.

### **MEMBERSHIP:**

The members of the Committee shall be appointed by the Governing Authority. The term of office of the Committee shall be co-terminous with the term of office of the Governing Authority. The Committee shall consist of no fewer than six and no more than eight members. In appointing members consideration should be given to the skills and independence of members and in particular it may be appropriate that at least two members be external members of the Governing Authority. The membership may also include no more than two members who are not members of the Governing Authority who may be internal or external to the University, if this is appropriate to enhance the range of skills and perspectives available on the committee. At least one member should have recent and relevant financial experience and at least one member should have recent and relevant risk assessment and risk management experience. Gender balance should be achieved to the maximum extent possible in forming the Committee. The following may *not* be members of the Committee: the Chief Officer, the Chairperson of the Governing Authority and any person who holds any executive responsibility within the University.

The Chairperson of the Committee should be appointed by the Governing Authority.

The Chairperson of the Committee should give each member of the Audit and Risk Assessment Committee a letter of appointment when appointed to the Committee, specifying the terms and conditions of service. The Chairperson of the Governing Authority should give a similar letter to the Chairperson of the Committee, upon his or her appointment as Committee Chairperson. The Chairperson's letter of appointment will include provision for appraisal of performance by the Chairperson of the Governing Authority.

The Committee shall draw up its own working procedures.

### **FREQUENCY OF MEETINGS:**

The Committee shall meet at least four times a year, normally at least once in each quarter year.

### **ATTENDANCE AT MEETINGS:**

The President, the Chief Financial Officer (Bursar), Internal Auditors, Director of Risk Management (University Secretary), a representative of the external auditors engaged by the Governing Authority and any employee or external person relevant to the work of the Committee may attend for all or part of meetings at the invitation of the Committee.

At least once a year the Committee will meet separately with each of the following: (a) the External Auditors, (b) Internal Auditors and (c) the Director of Risk Management, without members or other

members of management being present. The Committee will meet regularly with a representative of the Office of the Comptroller and Auditor General.

An Administrative Officer of the University shall attend meetings of the Committee in order to prepare minutes for presentation to the next meeting of the Governing Authority although the Committee may at any time require that any meeting or part of a meeting should include only members of the Committee, in which case it will prepare its own minutes for that meeting or part of a meeting.

**MANDATE:**

The Committee is authorised by the Governing Authority to investigate any activity within its terms of reference and to seek any information it may require on that activity from any employee of the University or its subsidiaries and all such employees are directed to co-operate with the Committee. The Committee shall be given the necessary resources for this purpose.

The Committee is authorised by the Governing Authority to obtain outside legal or other independent professional advice, if it considers this to be essential to it in the performance of its functions.

**TERMS OF REFERENCE:**

The Terms of Reference of the Committee are :

*Financial Statements:*

- review the draft annual financial statement of the University and consolidated statements, and their format, taking account of all relevant considerations and of accounting standards and legal requirements, before they are submitted to the Governing Authority;
- recommend to the Governing Authority whether the Governing Authority should approve any financial statements so reviewed by the Committee;
- determine, at least annually, whether, in the Committee's opinion, the University has kept adequate accounting records.

*External Audit:*

- advise the Governing Authority on the appointment of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditors;
- discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- discuss problems and reservations arising from the audit and any other matters requested by the external auditors;
- review the external auditor's Management Letter and all other audit letters from the external auditors and consider management's response;
- monitor the performance and quality of the external auditor's work and the auditor's independence from the University;
- obtain from the external auditor up-to-date information to enable the Committee to monitor the University's relationship with the external auditor, including but not limited to information relating to the external auditor's affiliates;
- taking account of the legal provisions, recommend whether or not to award contracts to the external auditor (or an affiliate) for non-audit or audit-related work.

*Internal Controls and Risk Management:*

- satisfy itself that the arrangements made for and resources available to the Internal Auditor are suitable and appropriate, and monitor the performance of the Internal Auditor;

- consider the system of internal financial controls and to satisfy itself that the control environment is adequate and that controls are operating effectively;
- keep under review and advise on the operation and effectiveness of the University's risk - management systems;
- provide an opinion annually on the proposed statement of internal controls and on any legal compliance requirements and;
- consider the Internal Audit annual audit programme, review reports of the Internal Auditor and consider major findings and management's response.

*Other:*

- consider reports by the Comptroller and Auditor General and management's response;
- satisfy itself that arrangements are in place to promote economy, efficiency and effectiveness;
- consider other topics, as requested by the Governing Authority or initiated by the Committee and
- promote co-ordination between the University's internal and external auditors.

*Reporting Arrangements:*

- make a written report on its activities to the Governing Authority following each meeting of the Committee. At least annually, such a report will include the Committee's opinion on the adequacy of the systems of internal controls and risk management. The Committee will report to meetings of the Governing Authority on such other occasions as requested. Minutes of meetings of the Committee shall be circulated to each member of the Governing Authority to satisfy this reporting requirement.

*Evaluation of Own Effectiveness:*

The Chairperson of the Committee should lead a periodic review by the Audit and Risk Assessment Committee of its own effectiveness. This will include full consideration of communications within the Committee and between the Committee and the University, external auditors, internal auditors, risk advisors and the Governing Authority.

**SCHEDULE OF MEMBERSHIP 2018 – 2019**

*Vacant (Chairperson)*

Ms Christine Moran

Mr Peter Cassells

Professor Marian Lyons

Mr Michael Smyth

Ms Maura Moore

*In Attendance:*

Dr Michael O'Malley (*Bursar/Secretary*)

Ms Vivienne Murray (*Administrative Officer to the Governing Authority*) – (**Secretary**)

# INTERNAL AUDIT CHARTER

## *Introduction:*

Internal Audit is responsible for conducting an independent appraisal of all of the University's activities, financial and otherwise. It should provide a service to the whole organisation, including the Governing Authority and all levels of management.

Internal Audit is responsible for assurance to the University's Governing Authority and Chief Officer on the entire system of controls. It assists management by evaluating and reporting to them on the effectiveness of the controls for which management is responsible. It remains the duty of the management, not the auditor, to operate an adequate system of internal control.

## *Mission of Internal Audit:*

The general aim is to help the University to accomplish its objectives by conducting a systematic and disciplined review of the effectiveness of risk management, control, governance processes and performance. As part of this it helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations. Each assignment undertaken by Internal Audit is intended to provide an independent, objective assurance as well as recommendations designed to add value and improve the operations of the University.

## *Scope:*

All the University's activities, funded from whatever source, fall within the remit of Internal Audit, which is not confined solely to financial matters. Internal Audit 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.

Internal Audit may also conduct any special reviews requested by the Governing Authority, Chief Officer or Audit and Risk Assessment Committee provided such reviews do not compromise its objectivity or independence or achievement of the approved audit plan.

## *Responsibilities:*

The Internal Auditor is required to give an annual opinion to the Audit and Risk Assessment Committee, on the adequacy and effectiveness of the whole system of internal controls within the University, and the extent to which the Governing Authority may rely on that system.

To provide the required assurance Internal Audit will undertake medium-term and annual programmes of work. These will be drawn up by Internal Audit and then forwarded to the Governing Authority following the approval of the Audit and Risk Assessment Committee. The programmes will be designed to:

- Appraise progressively the soundness, adequacy and application of the entire control system;
- Ascertain the extent to which the entire system of internal control ensures compliance with established policies and procedures;
- Ascertain the extent to which the assets of the University are properly controlled and safeguarded from losses arising from fraud, irregularity and corruption;
- Ascertain that accounting and other information is reliable as a basis for producing accounts, and for financial statistical and other returns;
- Confirm the reliability of management information and
- Confirm compliance with laws, regulations, Government and HEA guidelines and EU requirements.

*Standards and Approach:*

Internal Audit will, in general, and taking account of the control environment, adopt a systems-based approach to its audits supplemented, as appropriate, by the use of traditional transaction testing and verification methods on a sample basis.

Internal Audit must carry out its work professionally and ethically and having regard to the Standards for the Professional Practice of Internal Auditors, published by the Institute of Internal Auditors, and the Auditing Practices Board.

In order to demonstrate that due professional care has been taken in performing its work, it is necessary to have comprehensive records of activity showing that the work has been performed in accordance with accepted standards of best practice.

*Authority and Access:*

The Governing Authority and the Chief Officer hereby authorise Internal Audit to act on their behalf in carrying out its work.

Internal Audit has rights of access to all of the University's records, information and assets which it considers necessary to fulfil its responsibilities. Rights of access to other bodies controlled or funded by the University are also guaranteed.

Internal Audit shall have direct access to the Chairperson of the Governing Authority, the Chief Officer and to the Chairperson of the Audit and Risk Assessment Committee in the performance of his or her duties.

*Independence:*

Internal Audit has no operating responsibilities; and will remain independent of the activities being examined. However, if deemed appropriate by the Chief Officer, its remit may extend to systems being developed and it may provide advice on control and related matters arising without prejudicing its right to subsequently audit such systems.

*Liaison:*

Internal Audit will liaise closely with the external auditors appointed by the Governing Authority.

*Follow-up:*

On completion of an audit findings will be relayed to the management and employees of the audited area for their views. These views will be considered and incorporated in the final report. Copies of the final report will go the Chief Officer, the Audit and Risk Assessment Committee and will be available to members of the Governing Authority who express an interest in seeing them.

There will be periodic follow-up action by Internal Audit to ascertain if findings and recommendations have been acted upon by management.

*Annual Report:*

Internal Audit should provide an annual report on Internal Audit activities. This report shall be forwarded, within four months after the end of the financial year, to the Audit and Risk Assessment Committee, the Chief Officer and the Governing Authority. The report should comment, inter alia, on the adequacy of the resources available to it to carry out its approved programmes.