

# Maynooth University

## Terms of Reference - Audit and Risk Committee

The Governing Authority has established an Audit and Risk Committee as a committee of the Governing Authority to support them in their responsibilities for issues of risk, internal control and governance by reviewing the comprehensiveness of assurances in meeting the Governing Authority's and the Chief Officer's assurance needs and reviewing the reliability and integrity of these assurances.

### 1. Definitions

**ARC:** The Audit and Risk Committee

**Bursar:** The Bursar of MU

**C&AG:** Comptroller and Auditor General

**CO:** The Chief Officer of MU (i.e. The President)

**Code:** Code of Governance of Irish Universities 2019

**Committee:** the ARC (the Committee and the ARC can be used interchangeably)

**Committee Secretary:** as defined in section 6 below

**Executive:** persons who hold an executive or quasi executive role in MU (including members of the UE and Heads of Departments in MU)

**GA:** Governing Authority

**Independent Members:** members of the ARC that are independent of MU and its business

**Internal Audit Charter:** the terms of reference governing the Internal Audit function in MU

**MU:** Maynooth University

**Terms of Reference:** the terms of reference herein for the MU ARC

**UE:** University Executive of MU

### 2. Membership

#### 2.1 Members and Chairperson

- The membership of the Committee shall be appointed by the GA. The Committee shall consist of **at least three Independent** members and no more than six members. In appointing members consideration should be given to the benefits of diversity including gender and to the skills and independence of members.
- The CO and Chairperson of the GA should not be a member of the Committee.
- The **majority** of members should be **Independent**, and **all** members should be **non-Executive** (*persons who hold Executive responsibility within MU should not be members of the Committee*).
- At least one (but can be more) of the members need not be a member of the GA and (but not necessarily) may be external to MU.
- The Chairperson of the Committee shall be appointed by the GA on the nomination of a nominations committee comprising the CO and the Chairperson of the Governing Authority. Appointments to the Committee should be made by the GA in consultation with the Chairperson of the

Committee. The Chairperson of the Committee should give each member of the Committee a letter of appointment when appointed to the Committee specifying the terms and conditions of service including: the role of the ARC , the duration of appointment and renewal provisions, the support and training to be provided, the time commitment required, conflicts of interest, evaluation of the committee, and termination arrangements. The Chairperson of the GA should give a similar letter to the Chairperson of the Committee upon his or her appointment as Chairperson of the Committee and that letter of appointment should include provision for appraisal of performance of the Chairperson of the Committee by the Chairperson of the GA.

## **2.2 Duration of Appointment**

The duration of a member's appointment to the Committee should be for the term of the GA (current term is 5 years), which can be renewed for one further term.

## **2.3 Relevant Skills and Experience**

The Committee should collectively possess an appropriate range of skills to perform its functions to the required standard. At least one member should have recent, relevant financial experience and other members should have recognised competency in the core areas of the Committee's business including risk management, internal audit, and governance.

## **2.4 ARC Working Procedures**

The Committee shall draw up its own working procedures.

## **2.5 Training and Development**

There should be a formal induction process in place (including individually tailored training) for new Committee members. Members of the Committee are required to have, or acquire as soon as possible after their appointment, an understanding of: • organisational culture, objectives and challenges; • organisational structure including key relationships • relevant legislation or other rules governing MU and ARC guidance. The Committee members and Chairperson should make recommendations to the GA on the Committee's training needs, as deemed appropriate. The Committee should keep up to date with best practice and developments in corporate governance.

# **3. Conflicts of Interest**

- Members of the Committee are required to declare any potential conflicts of interest with any of the business items on the agenda for a Committee meeting.
- The relevant member should bring any conflict of interest to the attention of the Chairperson of the Committee and, where necessary, leave the room for the duration of the discussion and/or not take part in any decisions or discussions relating to the matter, as is deemed appropriate.
- Similar arrangements should apply in relation to meeting documentation, where such documentation should not, if possible, be made available to the member (although this will depend on the prior notification of the conflict, if possible, to the Committee Secretary).
- Any such conflict should be noted in the minutes of the meeting.

## 4. Functions and Responsibilities of the Committee and the Chairperson of the Committee

### 4.1 Financial Statements

- To review the draft annual financial statements of MU and the consolidated financial statements, and their format, taking account of:
  - all relevant considerations (including protected disclosure / anti-fraud policies and that they are properly recorded and accounted for so as to ensure regularity, probity and propriety is achieved;
  - financial reporting standards, and any legal requirements, recognizing the role of the Higher Education Authority and other stakeholders;
  - public accountability and the special considerations which attach to universities in relation to their management and operation

before recommending their adoption by the GA and where possible, before submission for audit

- To consider whether the annual report, in the form of the financial statements, taken as a whole, provide a true and fair view of the financial position of MU at the balance sheet date.
- To determine at least annually whether, in the Committee's opinion, MU has kept adequate accounting records.
- To review the draft governance statements and statements on internal control.
- To review any report on any changes to accounting policies.

### 4.2 External Audit

*(Note: the position of External Auditor is currently held by the C&AG and hence references herein to the External Auditor are to the C&AG in its capacity as the External Auditor to MU)*

- Advise the GA on the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal of the External Auditor.
- Consider reports on any proposals to tender for audit services.
- Discuss with the External Auditor, before the audit commences, the nature and scope of the audit.
- Review MU's letter of representation to the External Auditor.
- Review any progress report (written/verbal) from the External Auditor summarising work done and emerging findings (this may include, aspects of the wider work carried out by the C&AG, for example, Value for Money and good practice findings).

- Discuss any problems and reservations arising from the audit and any other matters requested by the External Auditor.
- Review the External Auditor's management letter and any other audit letters from the External Auditor and consider management's response.
- Monitor the performance and quality of the External Auditor's work and the External Auditor's independence from MU.
- Promote co-ordination between MU's Internal Auditor and External Auditor to prevent duplication of effort.
- Taking account of any legal provisions, recommend whether to award contracts to the External Auditor (or any affiliate) for non-audit or audit-related work.
- Consult annually with the External Auditor, regarding the operation of the Internal Audit function with particular reference to the resourcing of the function, the audit work programme being applied and the testing carried out in relation to MU's compliance with the requirements of the Code and an assessment of the co-operation between the Internal Auditor and External Auditor.
- Hold a private meeting with or otherwise engage with the External Auditors, to ensure there are no unresolved issues of concern and to make the External Auditor, aware of any emerging risks or governance issues.

#### **4.3 Internal Audit**

- To monitor and review the effectiveness of the Internal Audit function and consider the Internal Audit function's independence, expertise, experience, and adherence to professional standards.
- Consider the scope of the Internal Auditor's work and consider whether the available resources and access to people and information allow the Internal Auditor to address any significant risks within MU.
- Review and approve the Internal Audit plan including making suggestions regarding any risks or problem areas that the Internal Audit plan should address.
- Review reports of the Internal Auditor and consider any major findings and management's response.
- Consider progress reports from the Internal Auditor (either written or verbal) summarising:
  - work performed (and a comparison with work planned)
  - key issues emerging from the work
  - management response to audit recommendations
  - changes to the agreed internal audit plan
  - any resourcing issues affecting the delivery of the internal audit objectives.
- Review on a bi- annual basis the Internal Audit Charter.

- Carry out a quality assurance review of the Internal Audit function on a periodic basis (at least every three years).
- Consider proposals for the tendering of Internal Audit services.
- Hold a private meeting with or otherwise engage with the Internal Auditors, to ensure there are no unresolved issues of concern and to make the Internal Auditor, aware of any emerging risks or governance issues.

#### **4.4 Governance, Internal Controls and Risk Management**

- Advise the GA on the strategic processes for risk, internal control and governance
- Provide assurances to the GA relating to the management of risk and the corporate governance requirements of MU.
- Consider reports on the management of major incidents and lessons learned.
- Review on a quarterly basis a report summarising any significant changes to the Risk Register.
- Review, on an annual basis, MU's risk management strategy and framework.
- Consider the system of internal controls and satisfy itself that the control environment is adequate and that controls are operating effectively and gives early warning of internal control failures and emerging risks.
- Provide an opinion annually on the proposed statement of internal controls and on any legal compliance requirements.

#### **4.5 Other**

- Satisfy itself that arrangements are in place to promote economy, value for money, efficiency, and effectiveness.
- Review and consider the effectiveness and adequacy of MU's anti-fraud, anti-corruption and protected disclosures policies, and arrangements for special investigations.
- Consider whether the procedures for investment appraisal are fit for purpose and comply with best practice including the principles and relevant requirements of the Department of Public Expenditure and Reform Public Spending Code.
- Consider other topics, as requested by the GA, or initiated by the Committee.

#### **4.6 Reporting Arrangements**

- Make a written report on its activities to the GA following each meeting of the Committee. Minutes of meetings of the Committee shall be circulated to each member of the GA to satisfy this reporting requirement (or where the minutes are not available due to time constraints then a note of the meeting or a verbal update will be provided by the Chair of the Committee)

- Make an annual written report on its activities to the GA within three months after the conclusion of the financial year, or as close to that as is feasible, in the form of the financial statements. The report will include the Committee's opinion on the adequacy of the system of internal controls and risk management and the adequacy of sources of assurance to the GA.
- The Committee will report to meetings of the GA on such other occasions as requested by the GA.

#### 4.7 Other Responsibilities of the Chairperson of the ARC

The Chairperson of the ARC should ensure that:

- the ARC is appropriately resourced
- reports to the Committee contain relevant information and are provided at the right time and in an appropriate format
- ARC reports at GA meetings and submits regular written reports to the GA containing relevant information and that matters arising are reported on at each subsequent meeting
- absent Committee members are briefed on meetings and attendance records are maintained and reviewed annually
- they are involved in the appointment of new Committee members

### 5. Meetings

- The Committee will meet at least four times a year, at least once in each quarter. The Chairperson of the Committee may convene additional meetings, as is deemed necessary.
- If the number of the appointed members of the committee is three or less the quorum will be two [2] Independent Non-Executive Members.

If the number of the appointed members of the committee is four or more then the quorum will be three [3] Members, the majority of the quorum must be Independent Non-Executive Members.

- All papers should be circulated at least four days in advance (*where reasonably practical*) to enable appropriate review and consideration by members in advance of a meeting.
- Not less than five [5] days' notice will be given for any meeting, unless otherwise agreed by the Committee.
- In the absence of the Chairperson of the Committee, the remaining members present shall elect one of the Independent Non-Executive Members to chair the meeting.
- As the business of the Committee requires, the CO, the Bursar, the Internal Auditor, and the External Auditor should attend for specific meetings or agenda items at the Committee's request.

- The Committee may invite the Chairperson of the GA and any other officials of MU to attend to assist it with its discussions on any matter.
- The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of matters.
- The GA may ask the Committee to convene further meetings to discuss issues on which they seek assurance.
- For each meeting, the Committee will be provided with such information that is appropriate and relevant to the business of this Terms of Reference herein.

## **6. The Committee Secretary**

An Administrative Officer of MU shall act as Secretary to the Committee and should:

- Commission papers as necessary and support the Chairperson of the Committee in collating reports.
- Circulate documents and keep and circulate minutes of meetings to Committee members and to other persons as necessary and in good time for meetings
- For any agreed actions, document the owner, deadline and monitor between meetings
- Keep a record of all conflicts of interests declared by members.
- Maintain a record of members' attendance, appointments and termination/renewal dates and ensure that appropriate appointment procedures are initiated when necessary
- In conjunction with the Bursar and the UE, keep the Committee abreast of developments in MU

## **7. Rights**

The Committee:

- Has explicit authority to investigate any matters within its terms of reference and should be given the resources needed for this purpose including outside professional advice as necessary, and full access to information.
- May co-opt expertise to provide specialist skills, knowledge, and experience.
- May procure specialist advice at the reasonable expense of MU, and where appropriate, subject to budgets agreed by the GA and/or the Chairperson of the GA (as appropriate).
- Any matters including internal and external audit items that relate to the GA's areas of responsibility should be communicated to the GA as soon as possible.

## **8. Access**

The Internal Auditor and the External Auditor will have free and confidential access to the Chairperson of the Committee.

## **9. Communications**

The Committee should ensure that it communicates effectively with the GA, the Internal Auditor, the External Auditor, and other stakeholders.

## **10. Evaluation of Own Effectiveness**

The Chairperson of the Committee should lead a periodic review by the Committee of its own effectiveness and report the results of that review to the GA.

## **11. Effective Date**

These Terms of Reference replace the existing Terms of Reference of the Committee and have been revised to reflect the provisions of the Code of Governance 2019 and were approved by the Governing Authority at its meeting on 25 June 2020. The Committee should review these Terms of Reference herein on an annual basis and recommend any changes to the GA

### **MEMBERSHIP 2020 - 2021:**

Ms Christine Moran (*Chairperson*)

Professor Fiona Lyddy

Ms Sheila Nunan

Mr Paul O'Toole

Mr Stewart Roche

Ms Vivienne Murray (*Secretary*)