



Audit Committee Terms of Reference June 2020

Approval Required by Audit Committee and Governing Authority

Audit Committee Terms of Reference

Constitution

The Governing Authority, at the commencement of its term, shall establish a committee of the Governing Authority known as the Audit Committee.

Membership

The membership of the Audit Committee shall be appointed by the Governing Authority. The Committee shall consist of at least five members, at least three of whom shall be external members of the Governing Authority and two members may be external to the University not being a member of Governing Authority. In appointing members, consideration shall be given to the skills and independence of members and at least one member shall have recent and relevant financial and risk management experience.

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

Members of the Governing Authority who are students or who hold responsibility within the University, subsidiaries or associated companies of the University and any other body controlled or funded by the University, should not be members of the Audit Committee. Neither the President nor the Chancellor of the Governing Authority shall be a member of the Audit Committee.

In addition to these terms of reference the Committee may draw up its own working procedures.

Frequency of meetings

The Committee shall meet at least four times a year. The Chairperson of the Audit Committee may convene additional meetings, as they deem necessary.

Quorum

The quorum required for the transaction of business shall consist of at least two members of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Attendance at meetings

The Director of Finance, the Head of Internal Audit, the Risk and Compliance Officer, a representative of the Office of the Comptroller and Auditor General, a representative of the external auditors

engaged by Governing Authority and any employee or external person relevant to the work of the Committee may attend for all or part of the meetings at the invitation of the Committee. Governing Authority members shall also have the right of attendance with prior agreement by the Chancellor of the Governing Authority and Chair of the Audit Committee

The Secretary to Governing Authority shall act as secretary of the Committee with his/her office providing secretarial services.

At least once a year the Committee will meet with each of the following: (a) the external auditors, (b) the Head of Internal Audit, without members of management being present.

The Committee will seek to meet with a representative of the Office of the Comptroller and Auditor General on an annual basis.

Decisions and voting

Each question at a meeting of the Audit Committee shall be determined by consensus, but where in the opinion of the Chairperson, consensus is not possible, the question shall be decided by a majority of the members present and voting on the question and, in the case of an equal division of votes, the Chairperson shall have a second and casting vote. All votes taken shall be referred to the Governing Authority for noting.

Members' Interests

A register of members' interests is maintained by the Secretary of the Committee. Members are required to declare any potential conflict of interest arising in relation to any agenda items. Where necessary a member may be required to leave the meeting for the duration of any related discussions and abstain from any related decisions.

Authority

The Committee is authorised by the Governing Authority to investigate any activities within its terms of reference and to seek any information it may require from any employee of the University or its subsidiaries. All employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Governing Authority to co-opt expertise to provide specialist skills, knowledge and experience, and to obtain outside legal or other independent professional advice, if it considers this necessary.

Terms of reference

The terms of reference of the Committee are as follows:

Financial statements

- To review the draft annual consolidated financial statements of the University before recommending their adoption by the Governing Authority, focusing particularly on:
 - i. The consistency of, and any changes in accounting policies or practices year on year;
 - ii. Major judgemental areas and methods used to account for significant or unusual transactions;
 - iii. Significant audit adjustments;
 - iv. Compliance with appropriate accounting standards;
 - v. Compliance with legal requirements; and
 - vi. All material presented with the financial statements and its consistency with the financial results.
- To review the University Letter of Representation and recommend to the Governing Authority whether it should be approved.
- To determine at least annually whether, in the Committee's opinion, the University has kept proper books of account.

Comptroller and Auditor General

- To consider the report by the Comptroller and Auditor General and management's response.
- To seek to meet with a representative of the Office of the Comptroller and Auditor General at least annually.

Other External auditors (not C&AG)

- To 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.
- To discuss and agree the nature and scope of the audit with the external auditors in advance of the audit.
- To discuss problems and reservations arising from the audits, and any matters the auditor may wish to discuss. This may be performed in the absence of management where necessary.
- To review the external auditor's management letter and all other correspondence to the Audit Committee and Governing Authority together with management's responses.
- To monitor the performance of the external Auditor and the Auditor's independence from the University, taking into consideration all relationships between the University and the external Auditor.

- To consider the level of audit fees vis-à-vis other services performed by the Auditor for the University and its subsidiaries in the context of an independence assessment.

Internal controls and risk management

- To recommend the Charter for Internal Audit for approval by the Governing Authority.
- To consider that the arrangements made for and resources available to Internal Audit are adequate and to monitor the performance of Internal Audit.
- To approve the Internal Audit annual audit plan, to review reports of Internal Audit and to consider major findings and management's response.
- To seek consultation with a representative of the Office of the Comptroller and Auditor General and/or the external auditors regarding best practice in the operation of the Internal Audit function and on the work and effectiveness of the Audit Committee.
- To consider the system of internal controls and to satisfy itself that the control environment is adequate and that controls are operating effectively during the reporting period and that the system of internal reporting gives early warning of internal control failures and emerging risks.
- To consider whether suitable processes are in place to ensure regularity, probity and propriety is achieved.
- To periodically consider the effectiveness and adequacy of the University's anti-fraud and protected disclosure policies and staff awareness of them.
- To conduct an Annual Review of the procedures for Investment appraisal to consider if they are fit for purpose and comply with best practice including the principles and relevant requirements of the Public Spending Code.
- To review and report on the operation and effectiveness of the University's risk management systems in coordination with the Risk Committee of the Governing Authority.
- To report at least annually to Governing Authority on the University's system of internal control and risk management and in relation to the proposed statement of internal controls.

Other

- To consider other topics, as requested by the Governing Authority or initiated by the Committee.
- To promote co-ordination between the University's internal and external auditors and seek confirmation from them on the effectiveness of their working relationship.
- The Head of Internal Audit and the representative of the Comptroller and Auditor General, and/or external auditor as appropriate, will have free and confidential access to the Chairperson of the Audit Committee.
- The Chair of the Audit Committee will be involved in the selection of the Head of Internal Audit.
- To liaise on an agreed basis with the Chair of the DCU commercial in relation to the operation of the Campus Companies within DCU.

Reporting arrangements

The Committee shall report in writing at least annually on its activities to the Governing Authority. The report will include the Committee's opinion on the adequacy of the systems of internal controls and the adequacy of the sources of assurance to the Governing Authority. The report will be timed to support the finalisation of the University financial statements and be within 3 months after the financial year. The Committee will also report its view on its own effectiveness with advice if necessary on how it can be strengthened and developed.

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 the Governing Authority.

The Committee shall arrange for the annual review of its terms of reference and shall report any changes necessary to the Governing Authority.

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Approved this _____ day of _____, _____.

Chair of the Audit Committee

Approved this _____ day of _____, _____.

Chair of the Governing Authority

Version History:

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