



Audit Committee

Terms of Reference

**Approved by Governing Authority
17 April 2014**

**Update to previous Terms of Reference approved
14 December 2012**

1. Constitution

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

2. Membership

- 2.1 The membership of the Audit Committee shall be appointed by the Governing Authority. The Committee shall consist of at least three members, at least two of whom shall be external members of the Governing Authority and one member 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.
- 2.2 The Chairperson of the Committee shall be appointed by the Governing Authority.
- 2.3 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.
- 2.4 In addition to these terms of reference the Committee may draw up its own working procedures.

3. Frequency of meetings

- 3.1 The Committee shall meet at least four times a year.

4. Quorum

- 4.1 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.

5. Attendance at meetings

- 5.1** The Director of Finance, the Internal Auditor, the Risk Manager, 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
- 5.2** The Secretary to Governing Authority shall act as secretary of the Committee with his/her office providing secretarial services.
- 5.3** At least once a year the Committee will meet with each of the following: (a) the external auditors, (b) the Internal Auditor, (c) the Risk Manager, without members of management being present.
- 5.4** The Committee will seek to meet with a representative of the Office of the Comptroller and Auditor General on an annual basis.

6. Decisions and voting

- 6.1** 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.

7. Authority

- 7.1** 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.
- 7.2** The Committee is authorised by the Governing Authority to obtain outside legal or other independent professional advice, if it considers this necessary.

8. Terms of reference

8.1 The terms of reference of the Committee are as follows:

Financial statements

- To review the draft annual financial statements of the University and the University consolidated accounts before submission to 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 recommend to the Governing Authority whether, it should approve the consolidated accounts and funding statement of the University so reviewed by the Committee.
- 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.

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.
- 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 consider the Internal Audit annual audit programme, 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 regarding best practice in the operation of the Internal Audit function.
- To consider the system of internal controls and to satisfy itself that the control environment is adequate and that controls are operating effectively.
- 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.

9. Reporting arrangements

- 9.1** The Committee shall report 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 risk management. The

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Committee will report to meetings of the Governing Authority on such other occasions as requested.

- 9.2** Minutes of meetings of the Committee shall be circulated to the Governing Authority.
- 9.3** The Committee shall arrange for the regular review of its terms of reference and shall report any changes necessary to the Governing Authority.