



UCC

Coláiste na hOllscoile Corcaigh
University College Cork, Ireland

Audit and Risk Committee

Terms Of Reference

Audit and Risk Committee Terms of Reference

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Purpose

- 1.1 The Audit and Risk Committee (the “Committee”) is established by Governing Authority (GA) to provide independent and objective oversight of all aspects of the University activities including oversight of financial reporting, internal controls, risk management and value for money.

Authority

- 2.1 The Committee advises and makes recommendations to the GA on any matter within its remit.
- 2.2 The Committee has the delegated authority from GA to fulfil its functions.

Membership

- 3.1 The membership of the Committee will be competency based and shall be appointed by the GA on the recommendation of the Nominations Committee. Any gaps in terms of skills required for the Committee may be filled by utilising section 18(4) of the Universities Act 1997 (as amended by the Higher Education Act 2022) which permits members external to the University to be appointed by the GA.
- 3.2 The Committee shall consist of eight members including:
- Two external members of the GA
 - Six people external to, and independent of, the University.
- 3.3 Diversity of gender, age profile, ethnicity and experience should be considered in the composition. Membership of the Committee should not be comprised of more than 60% of any one gender where possible.
- 3.4 One of the two external members of the GA shall be appointed by GA as the Chair and the other as Deputy Chair.
- 3.5 Members of the GA who hold executive responsibility within the University shall not be members of the Committee. Neither the President nor Chair of the GA shall be a member of the Committee.
- 3.6 Members are required to attend all meetings of the Committee. In the event a member does not attend 3 consecutive meetings, they may be replaced.

Functions and Responsibilities

- 4.1 The Committee will on behalf of, and under the delegated authority of, the GA provide independent advice to the GA on:

Financial Reporting

- the accounting policies, and the University's annual report, in the form of the financial statements, and the annual operating programmes and budgets, including the process for review of the financial statements prior to submission for audit, levels of error identified, and management's letters of representation to the external auditor and the Comptroller and Auditor General;

Internal Controls, Risk and Emergency Management

- the strategic processes for internal control, governance, risk and emergency management;
- assurances relating to the management of risk and in relation to corporate governance requirements for the University;
- review and recommend to the GA for approval: (a) the Risk Management Policy and Framework; and (b) the Emergency Management and Business Continuity Plan;
- the regular review of the University's Risk Register;
- the review and consideration of reports of the University Enterprise Risk Management Committee;

Internal Audit

- the planned activity and results of internal audits;
- proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services;

External Audit

- the planned activity and results of external audits;
- discussions with the external auditor on the nature and scope of the audit;
- problems and reservations arising from the audit and any other matters requested by the external auditor;
- adequacy of management response to issues identified by audit activity, including the external auditors and the Comptroller and Auditor General's management letters of representation;
- the appointment of external auditors, the audit fee and any questions of resignation or dismissal of external auditors;
- monitor the performance and quality of the external auditor's work and the auditor's independence from the University;
- recommend whether or not to award contracts to an auditor or an affiliate for non-audit or audit related work;

Value for Money

- oversee that Internal Audit ensure that value-for-money auditing receives adequate attention based on the principles and provisions of the Public Spending Code, where relevant.

- consider benchmarking results of the University's performance in discrete areas; this may involve collaboration with other Universities and/or external/internal auditors;
- oversee a rolling programme of reviews, as part of the annual internal audit plan, of functional areas and the identification of where improvements in efficiency and effectiveness can be achieved; and
- use performance indicators to monitor progress against strategic plan priorities.

Other

- anti-fraud policies, protected disclosure processes, and arrangements for special investigations; and
- perform any other related duties or responsibilities at the request of the Chair of the GA.

See Appendix A for items that shall be included in the Committee's annual work plan.

Rights

5.1 The Committee is authorised by the GA 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 cooperate with the Committee. The Committee shall be given the necessary resources for this purpose.

5.2 The Committee may:

- co-opt expertise to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the reasonable expense of the University, subject to budgets agreed by the GA at the start of the financial year (or as may be supplemented with the approval of the President).

Access

The Head of Internal Audit, the external auditor, the representative of the Comptroller and Auditor General and the senior officer of the University with responsibility for risk management, as appropriate, will have free and confidential access to the Chair of the Audit and Risk Committee.

Conduct of Business

- 7.1 The Committee shall meet at least six times per year, usually three weeks in advance of a GA Meeting;
- 7.2 the GA may ask the Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice, or the Chair of the Committee may convene additional meetings
if they deem it necessary;
- 7.3 a minimum of four members of the Audit and Risk Committee will be present for the meeting to be deemed quorate. 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;
- 7.4 At any meeting the Chair, if present, shall take the chair. If the Chair is not present, the role of the Chair shall be assumed by the Deputy-Chair and the meeting can proceed.
- 7.5 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;
- 7.6 the Committee may ask any other officials of the University to attend to assist it with its discussions on any particular matter;
- 7.7 The Regulation on the Conduct of GA Business will apply to the conduct of business of the Committee;
- 7.8 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 particular matters;
- 7.9 private sessions, meeting time without executives present, should be included on the Committee's work programme to be a standing item at the start or the end of the agenda of two meetings per annum;
- 7.10 the GA may ask the Committee to convene further meetings to discuss particular
- 7.11 issues on which they seek the Committee's advice; and
- 7.12 at least once a year the Committee shall meet separately, without members of management being present, with each of the following:
 - the external auditors;
 - the Head of Internal Audit; and
 - the Corporate Secretary.
- 7.13 the Committee will meet periodically from time to time with a representative of the external auditor and a representative of the Office of the Comptroller & Auditor General;
- 7.14 the Committee Chair will meet with the Chair of the GA Finance and Resource Allocation Committee as required but at least once a year;
- 7.15 If required, a joint meeting of the Committee and the Finance and Resource Allocation Committee may be held; and
- 7.16 the Office of Corporate and Legal Affairs shall provide the Secretariat to this Committee.

Information Requirements

8.1 The Committee will be provided with all information to enable it to discharge its duties in a timely manner and to ensure that decisions are made based on robust data.

8.2 On a regular basis, the Committee will be provided with:

- a report summarising any significant changes to the University's strategic risks and emergency risks and a copy of the University's Risk Register;
- an update from the Head of Internal Audit on the status of outstanding priority 1 and priority 2 recommendations from completed Internal Audit Office Reviews of functional areas including the level of implementation of such recommendations;
- a progress report from the Head of Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from the work of internal audit;
 - management response to audit recommendations;
 - changes to the agreed internal audit plan;
 - any resourcing issues affecting the delivery of the objectives of internal audit.
- a quarterly update from the Chief Financial and Operating Officer and draft annual financial statements;
- notification, information, or reports on a timely basis in regard to such other issues that ought to be brought to the attention of the committee.

8.3 As and when appropriate the Committee will, on request, also be provided with such other information, reports, documentation or updates as may be necessary to fulfil its functions under the Terms of Reference herein.

8.4 As such matters arise or where review or approval of the Committee is required, the Committee shall be provided with:

- progress reports (written/verbal) from the external auditor and/or the Comptroller and Auditor General;
- notifications from the Chair of the Emergency Management Team/Chief Risk Officer of the occurrence of a material risk incident¹ to include a briefing on:

¹ "Material Risk Incidents" include incidents for which the University's Emergency Management Team is convened or red level risks articulated on the University Risk Register or Emergency Risk Register which have materialised such that the management of the consequences of such risks is underway.

- A description of the incident
- A description of actions taken to mitigate the impact of the incident
- A description of any further actions proposed and the estimated timeline for implementation of such further actions;
- on conclusion of a material risk incident, the Committee shall receive a report on the management of the incident and lessons learned;
- notification of receipt of a disclosure pursuant to the University's Disclosure Policy on receipt and initial assessment thereof by the University. Such notification shall include:
 - Type of issue
 - Steps to be taken as determined by the University's Disclosure Group

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- Timeline
 - Following completion of the aforementioned steps outlined by the University's Disclosure Group and notified to the Committee, the Committee shall receive a report setting out:
 - Description of disclosure
 - Name of investigator and Terms of Reference (if any)
 - Findings/outcome
 - Any other relevant information/recommendations

- the draft annual governance statement for the Higher Education Authority;
- a report on any changes to accounting policies;
- Comptroller and Auditor General's management letter and audit certificate;
- external auditor's management letter and audit certificate;
- proposals for the terms of reference of internal audit / the internal audit charter; • the internal audit strategy;
- the Head of Internal Audit's annual opinion and report;
- quality assurance reports on the Internal Audit Unit;
- a report on any proposals to tender for audit functions, where appropriate;
- a report on co-operation between internal and external audit;
- the University's risk management strategy; and
- periodic updates on the status of the University's capital projects programme.

8.5 Management shall also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought promptly to the attention of the Committee.

- 8.6 In addition to the above, the Audit and Risk Committee will be provided with any other information that may be pertinent to the functioning of the Committee.

Conflicts of Interest

- 9.1 Committee members shall take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for Committee meetings.
- 9.2 Where a conflict of interest arises, a Committee member shall bring this to the attention of the Chair (where possible, prior to the meeting) and where necessary absent themselves from the meeting for the duration of the discussion and shall not take part in any decisions in relation to the matter in question. Relevant meeting documentation on a given agenda item shall not be made available to a Committee member who has already disclosed a conflict of interest in respect of that agenda item. Where a conflict of interest is identified subsequent to the circulation of meeting documentation, the member of the Committee for whom the conflict of interest arises in respect of an agenda item shall not refer further to the meeting documentation for such agenda item. Conflicts of interest shall be noted in the minutes of the Committee meeting.

Terms of Office

- 10.1 The period of office for members of the Audit and Risk Committee shall be for a four-year period for a maximum of two consecutive terms (eight years).

Reporting

- 11.1 The Chair of the Committee will submit a report to the GA one week prior to each regular scheduled GA meeting.
- 11.2 The Committee shall make an annual written report on the financial statements to the GA within three months after the conclusion of the financial year. The report will include the Committee's opinion on the adequacy of the systems of internal controls and risk management, and summarizing its conclusions from the work it has done during the year.
- 11.3 The Committee will also review these terms of reference at least annually and will make recommendations on updating or amending them to the GA as appropriate.

Version History

Version	Changes	Date	Approved by
1		18/04/2024	Governing Authority