

UNIVERSITY OF LIMERICK
OLLSCOIL LUIMNIGH

# Audit & Risk Committee

Terms of Reference

# UNIVERSITY *of* LIMERICK

## Audit and Risk Committee

**TABLE OF CONTENTS**


| ITEM: | PAGE NO: |
|---|---|
| **PART A** | |
| **MAIN OBJECT, SCOPE OF AUTHORITY, WORKPLAN** | |
| PREFACE | 4 |
| MAIN OBJECT | 5 |
| SCOPE OF AUTHORITY | 5 |
| WORKPLAN | 6 |
| **PART B** | |
| **RESPONSIBILITIES – AUDIT AND RISK COMMITTEE** | |
| FINANCIAL REPORTING | 7 |
| NARRATIVE REPORTING | 7 |
| RISK MANAGEMENT | 7 |
| INTERNAL AUDIT | 8 |
| INTERNAL CONTROLS ENVIRONMENT | 9 |
| EXTERNAL AUDIT | 9 |
| CORPORATE SERVICES | 11 |
| REPORTING TO GOVERNING AUTHORITY | 12 |
| **PART C** | |
| **MEMBERSHIP, ATTENDANCE AND FUNCTIONING** | |
| MEMBERSHIP AND ATTENDANCE | 13 |
| APPOINTMENT OF CHAIRPERSON AND MEMBERS | 13 |
| FREQUENCY OF MEETINGS | 14 |
| QUORUM | 14 |
| CONFLICTS OF INTEREST | 14 |
| QUESTIONS / DECISION-MAKING | 14 |
| PERSONS IN ATTENDANCE | 15 |
| MINUTES | 15 |
| CONFIDENTIALITY | 15 |
| SECRETARIAT | 15 |
| APPROVAL, REVIEW AND EVALUATION | 15 |
| DOCUMENT CONTROL | 16 |
| **SCHEDULE** | |
| **SCHEDULE 1** KEY LEGISLATIVE PROVISIONS | See Schedule 1 |
| **SCHEDULE 2** ASSIGNED FUNCTIONS OF COMMITTEE | See Schedule 2 |

# PART A

## MAIN OBJECT, SCOPE OF AUTHORITY, WORKPLAN

### PREFACE

The terms of reference of the Audit and Risk Committee have been drafted having regard to the requirements of the Universities Act 1997 (as amended) and Code of Practice for the Governance of State Bodies 2016 (the "State Code").

The ARC is a Governance Committee of the University's Governing Authority.

### 1. MAIN OBJECT

1.1 The purpose of the Audit and Risk Committee (the **"ARC"**) is to support and advise the Governing Authority (the **"GA"**) by monitoring the University's financial reporting process, use of public funds, corporate governance framework, audit processes, system of internal controls (including business continuity and information technology), system of risk management, and the processes in place to comply with key legislative and regulatory requirements.

1.2 Key legislative provisions relevant to the functions of the ARC are set out in **Schedule 1** to these terms of reference.

### 2. SCOPE OF AUTHORITY

2.1 The ARC's authority derives, and is delegated from, the GA, and the scope of that authority is subject to the Schedule of Matters Reserved to the GA (the **"Schedule"**). The matters/functions assigned to the ARC are set out in **Schedule 2** to these terms of reference.

2.2 The ARC's assigned authority extends to:

- the University; and
- its subsidiaries.

2.3 In addition to its main object the ARC may within its scope of authority, or as otherwise requested by the GA:

(a) investigate any activity within its terms of reference set out in this document.

(b) seek (and be provided with) any information or explanations that it requires from any University employee or subsidiary company (or employee of such company) and all such persons or entities are directed to cooperate with any request made by the ARC.

(c) investigate (or cause to be investigated) any matter it deems relevant within its scope brought to its attention by whomsoever, including, but not limited to, reports in relation to financial, risk management, or alleged wrongdoings.

2.4 The Chair of the ARC will coordinate with the Chairs of the other GA Committees to seek to identify whether within the enterprise/system as a whole, including the GA Committees,

there is sufficient oversight of risk to enable the GA to comply with its legal obligation to provide for and maintain a system of risk management[1].

2.5 The ARC may:

2.5.1 Obtain independent legal or other independent professional advice, at the University's expense and in accordance with procurement rules, and secure the attendance of persons with relevant experience and expertise at the ARC meeting if it considers this necessary.

2.5.2 Procure specialist ad-hoc advice at the reasonable expense of the University, subject to budgets agreed by the GA.

## 3. WORKPLAN

3.1 The ARC shall agree a workplan on an annual basis and submit it to the GA for approval as soon as practicable thereafter.

3.2 The ARC may amend its agreed workplan at the request of the GA or may submit a revised workplan to the GA at any time.

[1] Section 18(1B)((d) Universities Act 1997 (as amended)

## PART B:

## RESPONSIBILITIES – AUDIT AND RISK

### 4. FINANCIAL REPORTING

4.1 Review the integrity of the University's financial statements, including its annual report and its annual governance statement and any other returns made to key stakeholders (e.g. HEA / DFHERIS, Charities Regulator) in relation to its financial performance.

4.2 Report to the GA on significant financial reporting issues and judgments, having regard to the matters communicated to it by the University's auditors. In addition, the ARC will review key matters on its own initiative.

4.3 Approve any significant changes in accounting policies or practices.

4.4 Review and challenge where necessary:

(a) assurances about the financial systems which provide the figures for the accounts and the quality of controls over the preparation of accounts;

(b) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the University;

(c) the methods used to account for significant or unusual transactions where different approaches are possible;

(d) whether the University has adopted appropriate accounting policies and made appropriate estimates and judgments, considering the views of the external auditor;

(e) the clarity, consistency, and transparency of disclosures in the University's annual report and governance statement (insofar as it relates to audit and risk management);

(f) all material information presented with the financial statements, such as the annual governance statement, progress on the Strategic Development Plan, etc; and

(g) the appropriateness of the going concern basis of accounting and the disclosure of any related uncertainties.

### 5. NARRATIVE REPORTING

5.1 The ARC shall review the content of the annual report and accounts and advise the GA in respect of whether the ARC considers that, taken as a whole, they constitute a fair, balanced and understandable assessment, and that they provide the information necessary for the members of the GA, its stakeholders (DFHERIS, HEA, Charities Regulator) to assess the University's performance, operating model and strategy.

### 6. RISK MANAGEMENT

6.1 The ARC will monitor the operation, maintenance and development of the University's system of risk management, underlying framework and risk methodologies. It shall also monitor the University's fundamental risks and review the financial impact of claims experience on the University.

6.2 The ARC shall also review:

(a) the University's Fundamental Risk Register and specifically:

(i) current risks to the University,

(ii) risks to achieving its strategy and objectives (including climate related emergency risks), and

(iii) the management and mitigation of those risks.

(b) the University's capability to identify and effectively manage new risks.

(c) reports on any material breaches of risk limits/appetite and the adequacy of proposed action.

(d) provide assurance to the GA on the disclosures included in the Annual Report in relation to internal control and risk management.

(e) provide advice to the GA on the continued appropriateness of University's overall system of risk management and risk appetite, assessed by reference to the University's objects, functions, values, Strategic Development Plan, and strategic objectives.

(f) review annually and recommend proposed material changes to the University's system of risk management for the GA's consideration and approval.

(g) notify promptly the GA and the President of actual or likely material breaches of risk appetite of which the ARC becomes aware.

(h) challenge whether Executive Committee has a sound understanding of the University's fundamental risks and of emerging risks.

(i) meet with the person(s) responsible for administering the University's System of Risk Management Framework (Corporate Secretary and Risk Management Officer) at least twice yearly, without executive members of staff present, to discuss the functioning of the University's system of risk management.

(j) Ensure that the person(s) referred to at (i) above have a right of direct and confidential access to the Chair of the GA, President, and Chair of the ARC at any time.

## 7. INTERNAL AUDIT

7.1 Approve the appointment of the Head of Internal Audit.

7.2 Ensure the Head of Internal Audit has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

7.3 Approve annually the internal audit programme, consider the major findings of internal audit reviews, review and monitor the adequacy of management's response to the findings, and, where accepted by management, ensure recommendations are implemented.

7.4 Review and monitor periodically the independence and effectiveness of the University's Internal Audit function.

7.5 Meet with the Head of Internal Audit at least twice each year, without executive members or staff present, to discuss the internal audit remit and any issues arising from the internal audits carried out.

7.6 Ensure the Head of Internal Audit has a right of direct and confidential access to the Chair of the GA, President, and Chair of the ARC at any time.

7.7 Approve the Internal Audit Charter of the University's internal audit function.

## 8. INTERNAL CONTROLS ENVIRONMENT

8.1 Receive an annual report from the Head of Internal Audit, including their opinion of the University's risk management and internal control framework, summarising the work performed, key issues emerging, management responses to audit recommendations and any resourcing issues affecting the delivery of the objectives of the internal audit.

8.2 Monitor the effectiveness of the University's internal control and risk management systems, including the financial controls, and report to the GA at least on an annual basis in respect of the following:

(a) Provide an opinion on the appropriateness, effectiveness and efficiency of the University's procedures relating to:

- public procurement;
- the acquisition, holding and disposal of assets; and
- seeking sanction for expenditure and complying with that sanction

(b) Take responsibility for:

- ensuring that University maintains and promotes a control culture that enables compliance with best practice in corporate governance.
- reviewing reports, at least annually, produced by management and Internal Audit on the effectiveness of Value for Money management.
- reviewing the Statement on Internal Control in the financial statements on the University's internal controls and risk management framework; as required under the State Code, report its outcome to the GA and make appropriate recommendations.
- reviewing the University's insurance strategy and to propose any changes considering claims experience and financial risk parameters.

## 9. EXTERNAL AUDIT

9.1 The ARC shall make recommendations to the GA in relation to the appointment, and removal of the University's external auditor(s).

9.2 If an auditor resigns, the ARC shall investigate the circumstances or issues leading to this and decide whether any action is required.

9.3 The ARC shall monitor the relationship with the external auditor, on behalf of the GA, including (but not limited to):

(a) approval of their remuneration for audit services and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;

(b) approval of the external auditor's terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(c) assessing annually the independence and objectivity of the external auditor, considering relevant professional and regulatory requirements and the relationship with the external auditor as a whole;

(d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the University or its staff (other than in the ordinary course of business);

(e) agreeing with the GA a policy for employing former staff of the University's external auditor and monitoring the implementation of this policy;

(f) monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners;

(g) assessing annually the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;

(h) review and approve the annual external audit plan and ensure that it is consistent with the scope of the audit engagement.

(i) review the findings of the audit with the independent external auditor, including as contained in their annual audit results communication, and including but not be limited to:

(i) a discussion of the University's annual financial statements including the notes thereto;

(ii) any significant changes required in the external auditor's audit plan;

(iii) a discussion of any major issues which arose during the audit, including any serious difficulties or disputes with management encountered during the course of the audit;

(iv) any accounting and audit judgments and any significant unusual transactions;

(v) the auditor's recommendations, as appropriate, for improvement in the University's system of internal controls, including management's response to any such recommendations, including any significant deficiency or material weakness in the design or the operation of the University's internal accounting controls and the plans for remediation thereof;

(vi) levels of errors identified during the audit;

(vii) other matters related to the conduct of the audit that are communicated to the University under generally accepted auditing standards; and

(viii) the effectiveness of the audit.

9.4 The ARC shall review the management letter and management's response to the external auditor's / Comptroller and Auditor General's findings and recommendations.

9.5 **External Auditor**

9.5.1 The ARC Shall:

(a) Ensure that the external auditor is not engaged to provide any non-audit services (unless undertaken in accordance with the University's Non-Audit Services Policy) and that any audit related services are provided in a manner consistent with the University' own guidance and applicable standards.

(b) Ensure that external auditor rotation and/or retendering is undertaken in a manner consistent with the University's own guidance and applicable standards.

(c) Meet with the external auditor at least once a year, without executive members or staff present, to discuss the external auditor's remit and any issues arising from the audit.

(d) Monitor the coordination of the internal and external auditors.

## 10. CORPORATE SERVICES

In respect of corporate services, the ARC Shall:

10.1 Assess the University's procedures for business continuity planning and disaster recovery.

10.2 Review the University's procedures for detecting, responding, and preventing fraud.

10.3 Monitor the University's compliance with information law requirements, including the Freedom of Information Act 2014, the General Data Protection Regulation (GDPR), the Data Protection Act 2018 and the Access to Information on the Environment Regulations 2007-2018.

10.4 Review and monitor the governance and risk oversight arrangements relating to cybersecurity, seeking assurance that appropriate structures are in place to manage cyber risk effectively, and that continuous monitoring and improvement initiatives are adopted and sustained. The ARC shall report accordingly to the GA.

10.5 **Protected Disclosures**

10.5.1 The ARC shall oversee the governance of the University's protected disclosures process. In particular, it shall:

(a) Approve the University's Protected Disclosures Policy and its periodic review, subject to ultimate approval by the Governing Authority.

(b) Receive and approve the University's Protected Disclosures Annual Report and submit to the GA for approval.

(c) On the recommendation of the President, approve the appointment of a Confidential Recipient and the creation of a panel of independent persons to serve on Protected Disclosures Groups (PDGs), including the terms of their appointment.

(d) Be notified promptly by the Corporate Secretary (or other senior officer, if conflicted) when a protected disclosure is received and a PDG convened and receive following its first meeting a full outline of the disclosure and summary of potential "relevant wrongdoings".

(e) Receive an indicative timeline for completion of the PDG's activities, monthly progress reports thereafter, and any commissioned investigation report in its original form when complete.

(f) Engage with the Chair and/or members of the PDG to confirm findings, outcomes, and other relevant information, and confirm when the process is complete such that the PDG may be disbanded.

(g) Monitor the implementation of any recommendations arising from the PDG process and treat delays or unresolved matters as potential governance risks.

10.6 Review the University's Annual Report to the Charities Regulator and submit to the GA for consideration and final approval.

10.7 Review the University's legal cases and related insurance coverage on a bi-annual basis.

10.8 Review the University's insurance coverage on an annual basis

10.9 Review the University's Health and Safety Report on a bi-annual basis.

10.10 Review the University's Child Protection Policy and report on an annual basis.

10.11 Review the University's Critical Incident Management Plan on an annual basis.

## 11. REPORTING TO GOVERNING AUTHORITY

11.1 The ARC shall formally report (i.e., in writing) to the GA on a quarterly basis.

11.2 The ARC shall also provide the GA with an Annual Report, timed to support finalisation of the Annual Report and Financial Statements, summarising its conclusions from the work it has done during the year.

11.2.1 The ARC Annual Report may include the following:

(a) an explanation of how the ARC has addressed the effectiveness of the external audit process; and

(b) the significant issues that the ARC considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor;

(c) any unresolved issues between the GA and/or the President as Accounting Officer and the ARC.

## PART C:

## MEMBERSHIP, ATTENDANCE AND FUNCTIONING

### 12. MEMBERSHIP AND ATTENDANCE

12.1 There shall be at least five but no more than eight members of the ARC, as follows:

- The **Chairperson** who shall be an External Member of GA or an independent External Appointment[2].
- Three **External Members** (which may include the Chairperson), one of whom shall be the **Deputy Chairperson** of the ARC.
- Up to four **External Appointments** (or three if the Chairperson is an independent External Appointment).

12.2 At least one member of the ARC shall have recent and relevant financial experience[3]. All members must have and maintain a good understanding of financial reporting, risk management, and internal control practices.

12.3 The ARC, collectively, shall possess a balanced and appropriate mix of skills relevant to accounting, audit, risk management, legal compliance, IT and cybersecurity, as applicable to the University's operations and strategic objectives.

12.4 Where the ARC identifies a need for specific expertise or to address a gap in representation not met by existing GA members, it may co-opt additional member(s) (i.e., External Appointment(s)) with the approval of the Nominating and Governance Committee and the GA, provided that the total membership does not exceed 8 members.

12.5 In addition to these Terms of Reference, members of the ARC must be familiar with the functions of the GA and that of the President/Chief Officer as set out in the Universities Act 1997 and the Higher Education Authority Act 2022.

12.6 The Chairperson of the ARC is appointed from amongst its membership by the GA on the recommendation of the Nominating and Governance Committee following consultation with the ARC.

### 13. APPOINTMENT OF CHAIRPERSON AND MEMBERS

13.1 The term of office of a member of the ARC shall be for a period not exceeding four years and in the case of a member of the Governing Authority, for such period not exceeding their term of office as a member of the Governing Authority.

13.2 A member of the ARC may not serve more than two consecutive terms of office and shall not hold office for a consecutive period of more than 8 years.

13.3 A member may, for good and valid reason, be removed from office by resolution of the ARC and of the Governing Authority, requiring in each case a simple majority vote of appointed members.

---

[2] An "External Appointment" refers to a person who is not an employee of the University, nor a member of the Governing Authority.

[3] As defined by the Financial Reporting Council, UK and Ireland

13.4 The Governing Authority shall appoint a person to be the first Chairperson of the ARC.

13.5 Any vacancy on the ARC arising (including for the position of Chairperson) shall be notified to the Nominating and Governance Committee, which shall make a recommendation to the Governing Authority.

13.6 The Nominating and Governance Committee may also make a recommendation to the Governing Authority about the term of members' office, and the filling and/or non-filling of any vacancy on the ARC, as it considers appropriate.

13.7 The ARC shall appoint from amongst its External Members a person to be its Deputy Chair.

## 14. FREQUENCY OF MEETINGS

14.1 The ARC shall meet at least four times a year.

14.2 The Chancellor and/or the President may request the ARC to convene additional meetings to consider particular issues of concern.

## 15. QUORUM

15.1 No meeting will proceed in the absence of a quorum, which shall be one third the total number of members (to include not less than two External Members, or one External Member plus one External Appointment)[4], rounded up to the nearest whole number, plus one.

15.2 The participation of the members by teleconferencing and/or video conferencing will be counted for the purposes of a quorum.

## 16. CONFLICTS OF INTEREST

16.1 Committee members and persons in attendance shall take personal responsibility for the declaration of any potential conflict of interest, perceived or otherwise. To facilitate this, the declaration of conflicts of interests will be the first agenda item for each meeting of the committee. Where such a conflict is declared, the member will absent him/herself from the meeting during consideration of the agenda item. In addition, any additional documentation will not be made available to the member following the declaration of interest. These matters will be recorded in the minutes.

## 17. QUESTIONS / DECISION-MAKING

17.1 Questions arising at any ARC meeting shall be decided by consensus where possible. Where, in the opinion of the Chair, consensus is not possible, then questions will be decided by a majority of the votes of the members present, either in person or by tele conferencing and/or video conferencing. Where there is an equality of votes, the Chair shall have an extra casting vote.

17.2 Where decisions are unanimous, they shall be recorded as such in the minutes. Dissensions and negative votes shall be noted in the minutes.

[4] For the purposes of meeting quorum requirements, the Chair of the ARC may be included.

## 18. PERSONS IN ATTENDANCE

18.1 As the business of the ARC requires, the President and any other employee of the University should attend for specific meetings or agenda items at the request of the ARC.

18.2 The ARC will review its terms of reference and composition on an annual basis and recommend any proposed changes to the GA for consideration.

18.3 The ARC will undertake a self-evaluation process annually and report on the outcome of this assessment to the GA.

## 19. MINUTES

19.1 Draft minutes will be provided to the Chair of the ARC within ten working days of each meeting and circulated to the members thereafter.

19.2 With the approval of the members, the secretariat may use approved technology applications (e.g., Microsoft Teams, Microsoft 365 Copilot etc.) to assist in the prompt preparation of minutes, subject to accuracy verification, confidentiality and security compliance, adherence to legal requirements, and human oversight for final approval.

19.3 The ARC will provide its agreed minutes to the GA as soon as practicable for noting and/or discussion, as necessary.

## 20. CONFIDENTIALITY

20.1 Members of the ARC and any person privy to its affairs external to the University and who are not members of the GA will sign a Statement of Confidentiality based on the paragraph on Confidentiality/Use of Information of the Code of Conduct for Members of the GA.

## 21. SECRETARIAT

21.1 The ARC shall be provided with a secretariat function by Corporate Secretary's Office.

## 22. APPROVAL, REVIEW AND EVALUATION

22.1 The ARC will review its terms of reference and composition on an annual basis and recommend any proposed changes to the GA for consideration.

22.2 The ARC will undertake a self-evaluation process annually and report on the outcome of this assessment to the GA.

## 23. DOCUMENT CONTROL

| **Document Version** | **Version 2.0** |
|---|---|
| **Document Owner** | Governing Authority / Corporate Secretary |
| **Approved by** | Audit and Risk Committee |
| **Date** | 12 September 2025 |
| **Approved by** | Governing Authority |
| **Date** | 30 September 2025 |
| **Effective Date:** | 30 September 2025 |
| **Scheduled Review Date:** | 30 September 2026 |




UNIVERSITY OF LIMERICK
OLLSCOIL LUIMNIGH