

Terms of Reference for the IADT Audit and Risk Committee

1. Introduction

Dún Laoghaire Institute of Art and Design Technology (IADT) is required to establish an Audit and Risk Committee.¹ On this basis, the Institute has established an Audit and Risk Committee (ARC).

2. Role and purpose

“The Governing Body should have formal and transparent arrangements for governance, risk management and internal controls and for maintaining appropriate arrangements with the State body’s auditors”². The purpose of the ARC is to support this function of the Governing Body and to ensure that the interests of Government and other stakeholders are protected in relation to business and financial reporting. The ARC assists the Governing Body in its annual review of the effectiveness of the systems of internal control, including financial, operational, compliance controls and risk management by co-ordinating the review of the assurances on internal controls, governance arrangements, risk management, the control environment and the accuracy and completeness of the financial statements³.

3. Terms of reference

The Terms of Reference of the ARC comprise the following:

3.1 Internal Controls and Risk Management

- a. Consider the adequacy of the system of internal controls, and seek assurance that the system is operated effectively during the reporting period, and that the system of internal reporting gives early warning of internal control failures and emerging risks.
- b. Review annually assurance statements from management.
- c. Provide an annual report to the Governing Body outlining the Authority’s systems of internal and financial controls including risk management and governance controls; the work of the Committee during the year; the internal audit reports and executive management assurance statements, prior to the sign off of the annual accounts and annual report.

¹ Code of Practice for the Governance of State Bodies 2016 (page 37) states that “the Board should establish an Audit and Risk of at least three independent non-executive Board members...” Non-Executive Members are Members of the Governing Body who have no connection with the Institute other than as a Governing Body Member and thus Staff Members, Students and Sabbatical Members of the IADT Student Union are not eligible to be Members of the Audit and Risk Committee.

² Code of Practice for Governance of State Bodies 2016 (page 33)

³ Code of Practice for Governance of State Bodies 2016 (page 34) states that “the Board is responsible for ensuring that effective systems of internal control are instituted and implemented in the State body including financial, operational and compliance controls and risk management and the Board should review the effectiveness of these systems annually”

- d. Consider and challenge where appropriate, the effectiveness and adequacy of internal controls.
- e. Oversee arrangements for budget management, including planning and reforecasting.
- f. Receive regular income and expenditure reports from management comparing actual performance with annual budgets and forecasts, with explanations of material variances.
- g. Receive capital expenditure reports from management comparing actual expenditure with amounts approved through the capital approval process and with cash forecasts, along with explanations of material variances. For projects of risk and strategic importance, receive appropriately detailed reports and explanations.
- h. Consider the effectiveness of the risk management system and oversee the Corporate Risk Register, noting any significant changes.
- i. Oversee arrangements for ensuring cyber security is appropriate.
- j. Receive reports from Committees of the Governing Body on any areas of concern and, where appropriate, decide if one of the following actions is required:
 - investigate the matter further as provided for by 3.5(d)
 - engage internal audit to audit the area relevant to the concern
 - escalate to the Governing Body for their attention.

3.2 Internal Audit (IA)

- a. Annually review effectiveness of the internal audit function.
- b. Ensure there is a formal Internal Audit Charter, approved by the Governing Body and reviewed every 3 years.
- c. Review and approve Internal Audit Plans and receive regular updates on the Plan.
- d. Ensure that the internal audit function “ensures that value-for-money auditing receives adequate attention”⁴.
- e. Ensure that internal audit reviews comply with procurement and disposal procedures⁵.
- f. Review internal audit reports and report to the Governing Body the outcomes of the audits.
- g. Ensure that IA and the C&AG has direct access to the Chairperson of the ARC.
- h. Review the end of year annual financial controls audit.
- i. Receive proposals for tendering for the internal audit function and recommend to the Governing Body approval of the service provider.

3.3 External Audit - Comptroller and Auditor General (C&AG)

- a. Meet with external auditor annually without Executives present to ensure there are no issues of concern and to make the external auditor aware of any emerging risks or governance issues.
- b. Request the views of the C&AG on the work and effectiveness of the Committee, including governance and internal audit work.
- c. Review the C&AG report and management letter and ensure management’s responses and any proposed actions are appropriate.

⁴ Code of Practice for Governance of State Bodies 2016 (7.11 vi)

⁵ Code of Practice for Governance of State Bodies 2016 (7.11 vii)

3.4 Annual Financial Statements

- a. Review the draft financial statements before audit by C&AG. Prior to sign off, consider accounting policies, completeness of accounts, anti-fraud policy, reporting of losses, issues of regularity, probity and propriety and responses to issues raised by the C&AG⁶.
- b. Consider the comprehensiveness and meaningfulness of the Statement on Internal Control and review the Letter of Representation before issue.

3.5 Corporate Governance Functions

- a. Consider adequacy of anti-fraud, anti-corruption and protected disclosure policies including staff awareness⁷.
- b. Provide an open avenue of communication between internal audit, the Office of the C&AG and the Accounting Officer (President) and receive confirmation from the C&AG and IA that the relationship is working effectively. Audit plans should be shared, and copies of IA reports will be provided to the C&AG annually during audit activity.
- c. Review arrangements established by management for compliance with legislative and regulatory requirements and Governing Body policy.
- d. The ARC has the authority to investigate any matters that fall under the remit of the Committee, and the resources and professional advice to do so⁸.
- e. 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 Code⁹.
- f. The ARC may procure specialist ad-hoc advice at reasonable expense of the State Body, subject to budgets agreed by the Governing Body and in line with Governing Body policy.
- g. Consider if procedures for travel and subsistence, procurement are compliant with Government Guidelines.
- h. Review any matters within its Terms of Reference.

4. Membership

- a. The Committee consists of a minimum of three Governing Body members.
- b. One member of the Committee must have recent and relevant financial experience.
- c. Members should have experience in core areas of business governance, assurance and risk management, internal audit, relevant technical or specialist issues, an understanding of the public sector environment, in particular the accountability structures and current public sector reform initiatives.
- d. An external member to the Committee may be appointed¹⁰.
- e. The Committee may co-opt someone with such expertise for a period of not more than one year to provide specialist skills in a particular area (and if it does not exist within sitting members).

⁶ C&AG Report – Effectiveness of Audit Committees in State Bodies, page 23 (Sept 2014)

⁷ Audit and risk Committee guidance, page 10, (2.1 viii)

⁸ Audit and risk Committee guidance, page 6, (1.14)

⁹ Audit and Risk Committee guidance, page 10 (2.1 viii)

¹⁰ It is recommended for an Audit and Risk Committee to have members drawn from outside the Governing Body. An Audit and Risk Committee is more likely to have the broad range of skills and experience necessary where its membership is not restricted to the Governing Body

- f. Members will receive a formal induction so that there is a sound understanding of:
 - organisational culture, objectives and challenges
 - organisational structure, including relationships with the relevant Minister and parent department
 - relevant legislation or rules governing the organisation
- g. Formal assessment criteria will be set for the appointment of the Chair.
- h. Each member will receive a letter of appointment which will set out the responsibilities of the ARC.
- i. The Chairperson of the Governing Body may attend meetings of the ARC, to assist the Committee with its discussions on any particular matter, but may not chair the Committee.
- j. Members are appointed initially for a period of 4 years which can be renewed but cannot exceed the duration of the term of office of the Governing Body.
- k. The Committee Chair ensures appropriate succession planning for the Committee.
- l. The Committee Chair ensures that members are provided with an appraisal of their performance.
- m. The Committee Chair recommends individual training needs for Committee members.
- n. The Audit and Risk Committee will be provided with a secretariat function by the Secretary to the Governing Body, the Secretary/Financial Controller of the Institute
- o. The Committee may seek additional, interim appointments of non-internal Governing Body members to the ARC in order to ensure that the business of the Committee can be completed in a timely and efficient manner.

Members of the Audit and Risk Committee are required to declare any conflicts of interest that may arise. This is done annually as part of the Standards in Public Offices declarations, and any conflicts are maintained on a register by the Secretary to the Committee. As they arise, conflicts of interest will be recorded in the minutes of the meeting and the member concerned will not attend that portion of the meeting. The Secretary to the Committee will ensure that documents are not issued to any member of the Committee where a conflict of interest would arise.

5. Meetings

- a. The ARC will meet no less than four times per year and prior to Governing Body meetings where possible.
- b. A quorum of this Committee is three Members.
- c. The Chair reserves the right to call a short period at the start and end of each meeting for members only (without the Executive present).
- d. The agenda is established by the Chair, in consultation with officers of the Governing Body. It is circulated with related papers in advance of the meeting.
- e. The internal audit provider will attend standard meetings of the Committee.
- f. The Governing Body may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice.
- g. Relevant matters will be brought to the Committee's attention between meetings.
- h. The Audit and Risk Committee may request any officials of the Institute to attend for a specific agenda item to assist it with its discussions on any particular matter.

6. Reporting

- a. The Chair will report in writing on the Committee's proceedings at Governing Body meetings.
- b. Any audit items that relate to the Governing Body's areas of responsibilities will be communicated to the Governing Body as soon as they are identified¹¹.
- c. The Committee will provide the Governing Body with an Annual Report, timed to support finalisation of the accounts and the Annual Statement of Internal Financial Control, summarising its conclusions from the work it has done during the year, and its opinion on the adequacy of risk management and internal controls, and the adequacy of sources of assurance to the Governing Body.¹²

7. Evaluation of Committee

The Committee will evaluate, assess and report on its performance, including its procedures, Terms of Reference, effectiveness and membership on an annual basis.

Any changes to the Committee's Terms of Reference must be approved by the Governing Body.

The Chairperson of the Governing Body should oversee an annual appraisal of the Chairperson of the Audit and Risk Committee.

Approved by the Audit and Risk Committee on: __8th May 2024__

¹¹ Audit and risk Committee guidance, page 7, (1.16)

¹² Audit and risk committee guidance, page 7 (1.19)