



# **National Transport Authority**

## **NTA Audit and Risk Committee**

### **Terms of Reference**

#### **Version 6.0**

*Last revision date: 17<sup>th</sup> May 2023*

**July 2023**

## Process for Policy Review and Update

This document is classified as confidential and is for internal use by the National Transport Authority (NTA) only.

Each policy shall require approval by the National Transport Authority prior to implementation.

Any modifications to existing policies shall be carefully documented. This shall include the completion of the revision history table.

**Reader Guidance:** If a policy is modified the table below must be inserted at the end of the modified policy to reflect any changes. All fields in the table must be completed.

### Revision History

Version	Date	Description	Prepared	Reviewed
1.0	15/12/2017	For Board Approval	Noel Beecher	Board approved
2.0	18/01/2019	For Board Approval	Noel Beecher	Board approved
3.0	17/02/2020	For ARC Approval	Noel Beecher	ARC approved
3.1	17/04/2020	For Board Approval	Noel Beecher	Board approved
4.0	03/09/2021	For ARC Approval	Noel Beecher	ARC Approved
4.0	17/09/2021	For Board Approval	Noel Beecher	Board approved
5.0	24/06/2022	For ARC Approval	Noel Beecher	ARC Approved
5.0	15/07/2022	For Board Approval	Noel Beecher	Board Approved
6.0	07/07/2023	For ARC Approval	Noel Beecher	ARC Approved
6.0	21/07/2023	For Board Approval	Noel Beecher	Board Approved

Next Review Date: July 2024

## Approvals

Position		Name	Date
Corporate Risk Manager	Annual Review	Gerard McBrien	17/05/2023
Chief Risk Officer & Head of Governance	Approved Policy Review	Noel Beecher	22/05/2023
ARC Committee	Annual Review	ARC Committee	07/07/2023
Board	Annual Review	Board	21/07/2023

### NTA Audit and Risk Committee Terms of Reference

The Board has established an Audit and Risk Committee as a Committee of the Board to support them in their responsibilities for issues of risk, control, and governance by reviewing the comprehensiveness of assurances in meeting the Board's and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

### Audit and Risk Committee Membership

The Board will appoint the Chairperson and members of the Committee and approve its terms of reference. The appointments will follow a formal assessment against criteria agreed by the Board. The Chairperson of the Board should consult with the Chairperson of the Committee before proposing a person for appointment to the Committee, giving particular consideration to the competencies required by the Committee to enable it effectively discharge its functions.

Members should have, or acquire as soon as possible after their appointment, an understanding of:

- Organisational culture, objectives, and challenges;
- Organisational structure including key relationships e.g., the Authority's relationship with the relevant Minister and parent Department; and
- Relevant legislation or other rules governing the organisation.

The Chairperson of the Committee can be a non-executive member of the Authority or may be an independent member drawn from outside the Board and has right of access to the CEO.

The Chairperson of the Board may attend Audit and Risk Committee meetings and be a member of, but not chair, the Audit and Risk Committee.

The Audit and Risk Committee shall consist of at least three independent non-executive Board members.

In addition to the three independent non-executive Board members, additional independent members may be drawn from outside the Board. Approval should be sought from the Department of Public Expenditure and Reform before the roles are advertised, confirming payments for these additional independent members'.

The Audit and Risk Committee should collectively possess an appropriate range of skills to perform its functions to the required standard. At least one of the Audit and Risk Committee members should be a suitably qualified and experienced professional accountant and other members should have experience in the core areas of the Authority's business including risk management, internal audit, governance, relevant technical or specialist issues, an understanding of the public sector environment, in particular the accountability structures, and current public sector reform initiatives.

The role requirements will be clearly communicated to new members at the outset including time commitments and an indication of frequency of meetings.

The first appointment of a member to the Audit and Risk Committee will be for a period of one to three years, which can be renewed to a maximum of six years in total.

Members will be required to declare an interest relating to any item on the agenda at the start of each Committee meeting. Any such declaration will be recorded in the minutes of the meeting. A member of the Committee who is not also a member of the Board will, on appointment and annually thereafter, submit to the Chairperson of the Board a declaration of interests in similar form to that required by law of Board members under the Ethics in Public Office Act 1995. Where there is any material change, the

## NTA Audit & Risk Committee Terms of Reference

member will immediately update the declaration.

Where a conflict of interest arises in the course of the work of the Audit and Risk Committee, the member will bring this to the attention of the Chairperson of the Committee and, where necessary, leave the room for the duration of the discussion on the relevant item and not take part in any decisions relating to the discussion. A note to this effect will be included in the minutes of the meeting.

### *Training and Development:*

A formal induction process will be undertaken (including individually tailored training) for new Audit and Risk Committee members. There should be a formal process in place to identify the training and development needs of the Committee as a whole and of each individual member and arrangements should be put in place to address these needs in a timely way. The Audit and Risk Committee should keep up to date with best practice and developments in corporate governance.

### Appraisal

The Audit and Risk Committee will annually review its own effectiveness and report the results of that review to the Board.

The Chairperson of the Committee should carry out an annual appraisal of the performance of each member of the Committee. This should be timely, structured and include an interview at which, inter alia, the member's training and development needs are discussed and agreed. A written record of the appraisal should be made which includes details of the member's knowledge, skills, and experience relevant to the work of the Committee and of their training and development needs and training and development supports provided.

Appraisal of the Chairperson of the Audit and Risk Committee should be overseen by the Chairperson of the Board. The appraisal of the Chairperson of the Audit and Risk Committee should occur annually and be formally recorded.

### Meetings

The Audit and Risk Committee will meet at least four times a year and may convene additional meetings as circumstances require.

The Board may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice.

All committee members are expected to attend each meeting. Meetings can be held in person or virtually. A quorum consists of at least two members. In the absence of the Chairperson, a Member of the Audit and Risk Committee, agreed by other members present, will chair the meeting.

The Audit and Risk Committee should, as necessary, invite members of management or staff, internal auditors, external auditors, or others to attend meetings to provide information.

The Audit and Risk Committee (or at least the Chairperson) should meet with the CEO annually.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials to be distributed electronically to Members via the Authority's secure Diligent application.

## NTA Audit & Risk Committee Terms of Reference

Draft minutes will be prepared and circulated to the Audit and Risk Committee within two weeks from the date of the meeting via Diligent. The minutes will be issued to the Board at the next available Board meeting after they have been agreed by the Audit and Risk Committee.

The Chairperson of the Audit and Risk Committee will provide the Board with an update on Audit and Risk Committee matters after each Audit and Risk Committee meeting or as otherwise necessary.

Appropriate records of the work of the Audit and Risk Committee will be maintained.

### Chairperson of the Audit and Risk Committee

The Chairperson of the Audit and Risk Committee has particular responsibility for ensuring that:

- The Audit and Risk Committee is appropriately resourced;
- The Committee reviews Internal Audit Reports and management responses and ensures that actions are followed up;
- Reports to the Committee contain relevant information and are provided at the right time in an appropriate format;
- Absent Committee members are briefed on meetings and attendance records are maintained and reviewed annually;
- They report at Board meetings and submit regular written reports to the Board containing relevant information after every Audit and Risk Committee meeting;
- Matters arising are reported on at each subsequent meeting; and
- They are involved in the appointment of new Committee members.

### Audit and Risk Committee Secretariat:

The secretariat to the Audit and Risk Committee should:

- Commission papers as necessary and support the Chairperson in preparing reports;
- Circulate documents and keep and circulate minutes of meetings to Committee members and to internal and external audit as necessary in good time for meetings;
- For any agreed actions, document the owner, deadline and any advice given by stakeholders and monitor between meetings;
- Keep the Committee abreast of development in the Authority; and
- Maintain a record of members' appointments and termination/renewal dates and ensure that appropriate appointment procedures are initiated when necessary.

### Information Requirements

For each meeting the Audit and Risk Committee will be provided 7 days in advance of the meeting) with:

- a report summarising any significant changes to the Authority's strategic risks and a copy of the strategic/corporate Risk Register;
- 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; and
  - any resourcing issues affecting the delivery of the objectives of internal audit.
- management assurance reports; and
- reports on the management of major incidents, "near misses" and lessons learned.

As and when appropriate the Committee will also be provided with:

- proposals for the terms of reference of internal audit / the internal audit charter;

## NTA Audit & Risk Committee Terms of Reference

- the internal audit strategy;
- the Head of Internal Audit's annual opinion and report;
- quality assurance reports on the Internal Audit Unit;
- the draft financial statements of the Authority;
- the draft governance statement;
- a report on any changes to accounting policies;
- value for money reports;
- external audit's management letter;
- a report on any proposals to tender for audit functions, where appropriate;
- a report on co-operation between internal and external audit;
- annual review the effectiveness of the Internal Audit unit;
- the Authority's risk management strategy;
- a progress report (written/verbal) from the external audit representative summarising work done and emerging findings (this may include, where relevant to the organisation, aspects of the wider work carried out by the Comptroller and Auditor General, for example, Value for Money reports and good practice findings); and
- Where the Authority enters into a legal dispute involving another State body, a report will be prepared for the Committee, every effort will be made to mediate, arbitrate or otherwise resolve before expensive legal costs are incurred.

### Functions

The Audit and Risk Committee will carry out the following functions:

#### *Internal Control*

- Review the Authority's internal control systems, including information technology security and control;
- Review annually and report to the Board on the effectiveness of the Authority's system of internal control;
- Obtain and review internal audit reports, significant findings, and recommendations together with management responses; and
- Monitor implementation of recommendations from internal audit, external audit, and other sources such as external audit's management letter.

#### *Governance and Risk Management*

- Review the systems of control underlying the risk management framework and processes, including:
  - Reviewing the strategic processes for risk, internal control, and governance;
  - Receiving feedback from Internal Audit and the Authority's management on the effectiveness of the risk management process;
  - Taking such feedback into account for input into the priorities of the Internal Audit work programme; and
  - Reviewing the risk management policy regularly and reporting on material risk incidents to the Board.
- Review anti-fraud policies, protected disclosure processes, and arrangements for special investigations; and
- Review compliance with statutory and administrative requirements in relation to the approval of the number, grading, and conditions of appointment of all staff and report to the Board on the effectiveness of policies, in line with Department of Finance circulars and sanctions.

## NTA Audit & Risk Committee Terms of Reference

### *Internal Audit*

- Approve the tender documentation for the procurement of internal auditors and approve the selection of auditors to undertake the internal audit function (The Chairperson, or another nominated member of the Committee should be part of the tender assessment team.);
- Approve the extension of internal auditor contracts;
- Approve a charter which clearly defines the purpose, authority, roles and responsibilities and reporting relationships of Internal Audit;
- Conduct assessments of the internal audit function;
- Review with Internal Audit, and as necessary discuss with management, the Internal Audit charter and implementation of Internal Audit Plan on an on-going basis to ensure that audit objectives are being achieved;
- Advise and make recommendations to the Board and senior management on any matter pertaining to the internal audit function that the Audit and Risk Committee considers appropriate;
- Assess the outcome of the audit process having regard to findings, recommendations, and management responses;
- Assess the implementation of agreed corrective actions by management having regard to follow up audits;
- Review significant travel and subsistence expenses on an annual basis;
- Raise any concerns with the CEO regarding the independence of Internal Audit;
- Meet separately with the head of the Internal Audit function to discuss any matters that the Audit and Risk Committee or Internal Auditor believes should be discussed privately;
- Request special reports from Internal Audit as required; and
- Generally, foster the development of best practice in the Internal Audit function.

### *External Audit*

- Facilitate and encourage an effective working relationship between the external auditor (Office of the Comptroller and Auditor General) and the internal auditor with a view to ensuring good co-operation and the avoidance of duplication and potential gaps in audit coverage.
- On at least an annual basis and without executive members present, meet with the nominee of the Comptroller and Auditor General to, inter alia, discuss the Management Letter, consider any matters of concern to either party and review the effectiveness of the relationship between internal and external audit;
- Review the external audit management letter and the Authority's response; and
- Consider the implications of the findings and comments published in the annual report of the C&AG on the Appropriation Accounts and in other relevant C&AG Reports.

### *Financial Management*

- Review the systems of control underlying the financial management processes, including:
  - the results of the external audit; and
  - procedures and practices associated with financial management and budgeting.
- Review the controls that are in place in the Statement of Internal Control, so that annually the Committee can recommend the approval of the Draft Statement of Internal Control to the Board and the Board Chairperson for signing;
- Ensure compliance with accounting standards, adequate disclosures, and comprehensibility of the Financial Statements;
- Review treasury and risk management policies and report to the Board on the effectiveness of policies;
- Review with management any significant issues concerning litigation, contingencies, claims

## NTA Audit & Risk Committee Terms of Reference

- or assessments; and
- Evaluate the efficiency of expenditure against strategic goals.

### *Value for Money*

- Review arrangements for ensuring value for money in respect of the Authority's expenditure;
- Review compliance with the value for money requirements of the Public Spending Code and the Guide to Evaluating Planning and Managing Current Expenditure;
- Consider Value for Money Reviews, Focussed Policy Assessments, and other value for money reports relevant to the work of the Authority and review the Authority's response.

### *Reporting Functions*

- After every meeting submit a report to the next Board meeting about Audit and Risk Committee activities, issues, and related recommendations;
- Circulating to the next Board meeting the agreed minutes of Audit and Risk Committee meetings;
- Submit an annual report to the Board, within three months following year end, of the activities of the Audit and Risk Committee; and
- Provide an open avenue of communication between Internal Audit, the C&AG, and the Board.

### *Other Functions*

- Perform other activities related to the terms of reference as requested by the Board;
- Review and assess the adequacy of the written terms of reference every year and request Board approval for any proposed changes;
- Confirm annually that all functions outlined in the written terms of reference have been carried out;
- Provide assistance to the Board in fulfilling its governance responsibilities relating to accounting and reporting practices;
- Investigate any matters within its terms of reference and avail of independent professional advice if necessary; and
- The Audit and Risk Committee may:
  - Temporarily co-opt additional members to provide specialist skills, knowledge, and experience; and
  - Procure specialist ad-hoc advice at the reasonable expense of the Authority, subject to budgets agreed by the Board.

Staff of the Authority and members of the Board and its Committees carrying out work on behalf of the Authority shall co-operate with the Audit and Risk Committee, including but not limited to attendance at meetings of the Committee, responding orally or in writing to its requests for information and providing any documentation, data or other records requested by it.

### *Draft Financial Statements:*

The Audit and Risk Committee shall review the draft financial statements before recommending their adoption by the Board and where possible, before submission for audit taking account of public accountability and the special considerations which attach to State bodies in relation to their management and operation, consider whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for an assessment of the Authority's financial position and financial performance, business model and strategy.



## NTA Audit & Risk Committee Terms of Reference

### *Annual Report*

An annual report reviewing the Audit and Risk Committee's operations shall be prepared for the Board and submitted within 3 months following year end. This report will state the opinion of the Committee on the adequacy of risk management, governance issues, internal control systems and on the adequacy of sources of assurance to the Board. This report will also include an assessment of the work of the Internal Audit function, the supports provided to the Audit and Risk Committee and a self-assessment of the Audit and Risk Committee's own effectiveness (with advice on how it can be strengthened and developed) and an outline of how the training and development needs of the Committee were identified and addressed.

The annual report will confirm whether a review of the written terms of reference has been completed.

The Audit and Risk Committee will follow up on any recommendations from the Board arising from this report, or in the course of other interactions.

### *Protected Disclosures*

The role of the Audit and Risk Committee in relation to protected disclosures is agreed with the Board and the CEO, in line with organisational policy and relevant guidelines.

The Chairperson of the Audit and Risk Committee shall be the point of contact for any protected disclosures made to the Audit and Risk Committee.

The Authority will monitor the operation of the Protected Disclosures Policy on an ongoing basis and will report to the Committee their findings.