Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Audit & Risk Committee Terms of Reference

as approved by the Agency on 9 July 2024

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1. BACKGROUND AND PURPOSE

This document sets out the terms of reference for the Audit and Risk Committee established under section 5B of the National Treasury Management Agency Act 1990 (inserted by Section 10 of the National Treasury Management Agency (Amendment) Act, 2014).

The purpose of the Committee shall be:

i. to assist the Agency in the oversight of the quality and integrity of the financial statements and to review and monitor the effectiveness of the systems of internal control and the internal audit process, and to review and consider the outputs from the statutory auditor; and
ii. to assist the Agency in its oversight of the Agency's risk management framework including:
    - setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported;
    - setting a standard for the accurate and timely monitoring of large exposures and risk types of critical importance; and
    - keeping under review the overall risk assessment processes that inform the Agency's decision making, ensuring both qualitative and quantitative metrics are used.

In addition, the Committee shall review and monitor the performance of the internal audit, compliance and risk management functions, which are managed on a day to day basis by the Head of Internal Audit, the Head of Compliance and the Head of Risk (Financial, Investment and Enterprise) respectively, to assess their effectiveness.

2. INTERPRETATION

Agency means the National Treasury Management Agency.

C&AG means the Office of the Comptroller and Auditor General, as the statutory auditor to the Agency pursuant to section 12 of the National Treasury Management Agency Act 1990 (as amended).

Committee means the Audit and Risk Committee of the Agency.

CFOO means the Chief Financial and Operating Officer.

ERMC means the Enterprise Risk Management Committee of the Agency.

Head of Risk means the Head of Risk (Financial, Investment and Enterprise).

Internal Auditor means the NTMA's internal audit function, which will be managed by the Head of Internal Audit and include an external firm reporting to the Head of Internal Audit.

Outsourced IA service provider means the external firm appointed to carry out internal audit work reporting to the Head of Internal Audit.

3. MEMBERSHIP

The Committee shall comprise up to four members appointed by the Agency from among its members. The Agency shall appoint one of these members as Committee Chairperson. The Committee as a whole shall possess a range of skills appropriate to its functions. At least one member shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The Chairperson and Chief Executive of the Agency shall not be members of the Committee.

Members shall be appointed to the Committee for a term of three years or for such other term as

may be agreed by the Agency but not exceeding three years, and in neither case beyond the term of the member's appointment to the Agency, or until he or she resigns or until the Agency decides otherwise. Membership shall be extendable for one further period of up to three years, not exceeding the term of the member's appointment to the Agency.

4. SECRETARY

There will be a Secretary to the Committee who will be a member of the staff of the Agency nominated for that purpose by the Chief Executive, with the agreement of the Agency. The Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues. In the absence of the Committee Secretary, the Secretary's nominee shall act as Secretary to the Committee.

5. MEETINGS

The Committee shall meet at least six times a year and otherwise as required. In addition to a meeting with participants physically present, the Committee may hold or continue to hold a meeting by the use of any means of communication by which all the participants can hear and be heard at the same time.

Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the C&AG, the Chief Executive, the Head of Internal Audit, the Head of Risk or the Head of Compliance if they consider it necessary.

The quorum necessary for the transaction of business shall be two members.

In the absence of the Committee Chairperson at any meeting or part of a meeting, the remaining members present shall elect one of themselves to chair the meeting or part of the meeting.

Only members of the Committee have the right to attend Committee meetings. The Secretary will normally attend meetings, at the Committee's discretion. Other non-members may be invited to attend all or part of a meeting as or when the Committee considers appropriate and/or necessary.

The Committee may ask any or all of those who normally or regularly attend but who are not members to withdraw to facilitate open and frank discussion of Committee matters. The Committee shall meet at least twice per year without management present to discuss any matters deemed relevant.

The Agency may ask the Committee to convene further meetings to discuss particular issues on which it seeks the Committee's advice.

The Secretary shall minute proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

Outside of the formal meeting programme, the Committee Chairperson will maintain a dialogue with key individuals involved in the Agency's governance, including the Agency Chairperson, the Chief Executive, the CFOO, the Chief Legal Officer, the Head of Compliance, the Head of Internal Audit, the Head of Risk and the Official of the C&AG with lead responsibility for the audit of the Agency.

6. DECISION MAKING

Each member of the Committee present at a meeting has a vote and any question on which a vote is required in order to establish the Committee's view on the matter shall be determined by a majority of the votes of the members present and voting on the question. In the case of an equal division of votes, the Chairperson or member presiding over the meeting has an additional casting vote.

7. DUTIES

7.1 Financial Reporting

The Committee shall monitor the integrity of the financial statements of the Agency, and review and report to the Agency on significant financial reporting issues, assumptions and judgments which they contain. In particular, the Committee shall review and challenge where necessary:

7.1.1. the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Agency;
7.1.2. the methods used to account for significant or unusual transactions where different approaches are possible;
7.1.3. whether the Agency has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the C&AG;
7.1.4. the clarity and completeness of disclosures in the Agency's financial statements and the context in which disclosures are made; and
7.1.5. all material information presented with the financial statements.

Where the Committee is not satisfied with any aspect of the proposed financial reporting, it shall report its views to the Agency. The Committee shall recommend to the Agency whether to approve the financial statements of the Agency.

7.2 Governance and Internal Controls

The Committee shall:

7.2.1. review the Governance Statement and Agency Members' Report and risk statements to be included in the Agency's Annual Report and Financial Statements;
7.2.2. keep under review the adequacy and effectiveness of the internal control systems, including controls over financial risk, risk management, compliance and IT systems;
7.2.3. review and recommend to the Agency the Statement on Internal Control to be included in the Annual Report and Financial Statements;
7.2.4. review the Consolidated Delegated Authorities, at least on an annual basis; and
7.2.5. review the NTMA's Integrated Assurance and Monitoring process, at least on an annual basis, to assess its completeness and adequacy in the context of a) the key processes and associated risks together with monitoring and assurance, and b) the material requirements, internal and external, within the remit of the ARC, to which the NTMA, and its employees, are subject.

7.3 Compliance and Data Protection

The Committee shall:

7.3.1. approve the appointment or termination of appointment of the Head of Compliance;
7.3.2. review and approve the Compliance and Data Protection Officer (DPO) Framework and ensure that the function has the necessary resources and access to information to enable it to fulfill its mandate, and is equipped to perform in accordance with appropriate professional standards;
7.3.3. review and approve such policies as set out for review by the Committee in the Compliance and DPO Framework;
7.3.4. review and approve the Compliance and DPO Plan;
7.3.5. review reports on the results of the DPO and Compliance Unit's work on a periodic basis;
7.3.6. review the NTMA's measures in respect of anti bribery and corruption including approval of the Anti-Bribery and Corruption Framework, the NTMA Financial Crime Risk Policy and the NTMA

Personal Account Transaction Policy for Employees.

7.3.7. review the adequacy and security of the NTMA's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, including arrangements that enable proportionate and independent investigation of such matters and appropriate follow up action;

7.3.8. oversee the implementation of the Protected Disclosures Policy;

7.3.9. oversee investigations and ensure the appropriate steps are followed once a Protected Disclosure is made;

7.3.10. monitor and review the independence, objectivity and effectiveness of the Compliance function (including Data Protection); and

7.3.11. meet with the Head of Compliance at least once a year without the presence of management.

7.4 Internal Audit

The Committee shall:

7.4.1. approve the appointment or termination of appointment of the Head of Internal Audit;

7.4.2. review and approve the Internal Audit Charter and ensure that the function has the necessary resources and access to information to enable it to fulfill its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;

7.4.3. review and approve the Internal Audit work plan;

7.4.4. review reports on the results of the Internal Auditor's work on a periodic basis;

7.4.5. review and monitor management's responsiveness to the Internal Auditor's findings and recommendations;

7.4.6. monitor and review the independence, objectivity and effectiveness of the Internal Auditor;

7.4.7. meet with the Head of Internal Audit at least once a year without the presence of management;

7.4.8. ensure the Head of Internal Audit has direct access to the Committee Chairperson and is accountable to the Committee; and

7.4.9. consider and make recommendations to the Agency in relation to the appointment, re-appointment and removal of the Outsourced IA service provider and approve the terms of engagement of the Outsourced IA service provider.

7.5 Statutory Audit

The Committee shall:

7.5.1. meet with the C&AG (including once at the planning stage before the audit and once after the audit at the reporting stage); and at least once a year without the presence of management;

7.5.2. review the findings of the audit with the C&AG. This shall include but not be limited to, the following:

- a discussion of any major issues which arose during the audit;
- key accounting and audit judgments; and
- levels of errors identified during the audit;

7.5.3. review any representation letter(s) requested by the C&AG before they are signed by management;

7.5.4. review the completeness and adequacy of the attestations supporting the Statement of Internal Control and other relevant confirmations included in the audited financial statements;

7.5.5. review the management letter and oversee the implementation of the C&AG's recommendations; and

7.5.6. consider the C&AG's Report to the Oireachtas on completion of his or her audit, together with

management's response to any issues raised by the C&AG in the course of the audit, and advise the Agency accordingly.

7.6 Risk

The Committee shall:

7.6.1. approve the appointment or termination of appointment of the Head of Risk;
7.6.2. review and recommend to the Agency for approval the Risk Management Policy and Framework and Risk Appetite Framework;
7.6.3. review and approve such policies as set out for review by the Committee in the Risk Management Policy and Framework;
7.6.4. review and approve the Risk management plan and ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards;
7.6.5. review at least annually the Strategic Risk Assessment (including principal and emerging risks);
7.6.6. review key business unit risks on a regular basis;
7.6.7. review risk reports on a regular basis including reporting on:
- the accurate and timely monitoring of large exposures and key risks;
- material breaches of risk limits and Major and Severe rated operating events, the adequacy of proposed actions and the timeliness by which the proposed actions are completed;

7.6.8. in relation to the Enterprise Risk Management Committee i) review and approve the ERMC terms of reference, ii) on an annual basis receive the outcome of reviews of effectiveness of the ERMC and take actions as appropriate on its findings and iii) review and consider reports of the ERMC;
7.6.9. if and as requested by the Agency ensure that a due diligence appraisal is undertaken on any proposed new business mandate, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Agency;
7.6.10. monitor and review the independence, objectivity and effectiveness of the risk management function;
7.6.11. ensure the NTMA's policy for the prevention and detection of fraud is reviewed every two years by the ERMC;
7.6.12. meet with the Head of Risk at least once a year without the presence of management; and
7.6.13. ensure the Head of Risk has direct access to the Committee Chairperson.

8 REPORTING

The Committee Chairperson shall report to the Agency on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee will provide the Agency with an Annual Report, timed to support finalisation of the Agency Annual Report and Financial Statements, summarising its conclusions from the work it has done during the year.

The Committee shall make whatever recommendations to the Agency it deems appropriate on any area within its remit where it considers that action or improvement is needed.

9 OTHER MATTERS

The Committee shall:

9.1. have access to sufficient resources in order to carry out its duties, including access to the Agency secretariat for assistance as required;

9.2. be provided with appropriate and timely training;

9.3. oversee any investigation of activities which are within its terms of reference;

9.4. work and liaise as necessary with all other Agency committees, particularly in the review of Agency risks that fall within the remit of another committee; and

9.5. conduct periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Agency.

10 AUTHORITY

The Committee may:

10.1. seek any information it requires from any employee of the Agency in order to perform its duties;

10.2. obtain at the Agency's expense, independent legal, accounting or other professional advice on any matter it believes necessary to do so; and

10.3. call any employee to be questioned at a meeting of the Committee as and when required.