



Age & Opportunity

Terms of Reference of the Audit and Risk Committee

Revised Terms of Reference reviewed by the Audit and Risk Committee on April 2021 and approved by the Board on 24th May 2021

Membership

The Committee will comprise at least three non-executive Trustees and will not include any employees as a member. The quorum is two.

Membership of the Audit and Risk Committee shall be reviewed every two years by a sub-committee of the Board and any proposed changes recommended to the Board at that time.

The Audit and Risk Committee should appoint a Chairperson and a Secretary.

The Chair of the Board may be a member of the Audit and Risk Committee but cannot chair the Audit and Risk Committee. The Committee Chairperson shall be appointed for 2 years, which will be reviewed at the time the membership of the Committee is reviewed by the appointed sub-committee.

At least one member should have served on the Board for the past two years. At least one member should have relevant and recent financial experience.

The CEO and the Financial Controller shall normally be in attendance at meetings. Other Trustees shall also have the right of attendance.

Accountability and Reporting Arrangements

The Audit and Risk Committee reports to the Board and must make a written report to the Board biannually.

Frequency of Meetings

The Committee will normally meet at least three times a year. The minutes of the Committee shall be tabled to a subsequent meeting of the Board.

The Committee shall meet twice a year with the External Auditors with management being present, once to discuss the audit plan and secondly to review the Accounts and the Auditors comments about internal control. As part of one of the meetings, the Committee should meet with Auditors without management being present.

Responsibilities

- The Board is ultimately responsible for all matters relating to the financial statements and relating to the external audit of the organisation.
- The primary responsibility of the Committee is to assist the Board in fulfilling its responsibilities for ensuring proper accounting, financial reporting, proper internal controls and procedures in the organisation.
- The Committee carries out its responsibilities mainly through regular contact with management and the external auditors and with appropriate officers.
- The Committee may make decisions on other matters where the power to do so has been specifically delegated to it by the Board.
- The Committee may investigate any matter falling within its terms of reference, calling on whatever resources (including outside professional advice) and information necessary to do so.
- The Committee is responsible for recommending the appointment of auditors for approval by the Board.

Functions

1) Internal Controls

- Provide assessment and oversight of the organisation's internal controls, and review the effectiveness of the organisation's systems of internal controls.
- Handle announcements about the organisation's financial performance and financial controls.
- Monitor the accuracy of the financial statements of the organisation.
- Commission and review internal audit reviews (further detail below).

2) Risk

- Monitor and provide oversight of the organisation's risk management system and provide oversight of the overall assurance framework.
- Assess the organisation's risks and ensure appropriate mitigating controls in place to manage to an acceptable level.
- Ensure that financial control and risk management systems are in place.

3) External Reporting

- Review the statutory financial statements with management and the Auditors, before approval by the Board, so as to consider whether a balanced and understandable assessment of the organisation's position and prospects is presented.
- Review accounting principles and practices and significant changes during the year.

4) Auditors

- Agree in advance with the auditors the scope, depth and timing of their audit work (i.e. the audit "plan").
- Review estimated audit fees with appropriate input from management (at the same time as the external audit plan).
- Deal with unresolved conflicts between management and auditors if these arise.

- Review fully the results of the audit, including problems encountered by the auditors and co-operation received; all major judgmental issues; the adequacy of internal control system; the adequacy of provisions, significant recommendations to management and management's response.
- Review, and recommend to the Board for approval, proposed audit fees
- Review annually the independence, effectiveness and objectivity of the auditors, and in so doing review the nature and extent of the non-audit work carried out by them ensuring a proper balance is maintained between their objectivity and value for money.

5) Other

- Ensure that it is provided with management assurances for key business and functional areas, organisational compliance with legal, regulatory and governance obligations as well as the overview and monitoring of the risk management system.
- Compile a report describing its membership and its duties and activities during the year, to be included in the Annual Report.
- On an annual basis the Committee will review the effectiveness of its operations and report to the Board on its findings and recommendations.
- The Committee will review these terms of reference annually, and make recommendations on updating or amending them to the Board as appropriate.

Internal Audit:

The Audit and Risk Committee shall:

- develop an internal audit function which shall comply with the following principles:
 - the internal audit function should have a formal charter which has been approved by the Board;
 - the internal audit function should be conducted within professional guidelines for internal auditing and financial and management accounting;
 - the head of the internal audit function should report directly to the Audit Committee of the Board;
 - the internal audit function should evaluate and improve in a systematic and disciplined manner, the effectiveness of risk management, control and governance processes in the organisation;
 - the internal audit function should have the necessary skills, including skills to deal with non-financial aspects;
 - the internal audit function should liaise with the external auditors of the organisation frequently;
 - in planning, executing and reporting its work, the internal audit function should ensure that proper account is taken of value-for-money;
- notify the HSE as soon as practicable of any matter of significant concern identified by the internal audit function and inform the HSE of how the Provider plans to deal with the matter;

Value for Money and other reporting requirements

The Audit and Risk Committee shall:

- evaluate the effectiveness, efficiency and value for money of the provision of its Services on a regular basis;
- keep detailed records in respect of its performance of its obligations under this Arrangement and at the HSE's request shall make such records available for inspection or shall provide copies to the HSE;
- maintain annual audited accounts for each financial year and provide copies of such accounts within four (4) months of their adoption to the HSE and, on request, to the C&AG;
- provide the HSE with a copy of the management letter received from the Provider's external auditors;
- notify the HSE as soon as practicable of any matter of significant concern notified to the Provider by the Provider's external auditor;
- ensure that the annual accounts are audited not later than nine months after the end of the relevant financial year by a person, who is qualified to be appointed as an auditor pursuant to Section 187 of the Companies Act 1990 or the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010, however this period may be extended in the case of an audit conducted by the C&AG;
- publish the annual audited accounts for each financial year on the website of the Provider (or in such other manner as agreed with the HSE);
- ensure that the published annual audited accounts comply in all respects with the disclosure requirements in respect of the Funding set out in the Department of Public Expenditure and Reform Circular 13/2014 Management of and Accountability for Grants from Exchequer Funds (including any interpretations or clarifications of such requirements issued by the Department of Finance, Department of Public Expenditure and Reform, Department of Health and/or the HSE); and as set out in that circular that the annual audited accounts include the information outlined below in respect of the Funding and expenditure related thereto (as distinct from other funding or monies received by the Provider during the Financial Year) and in respect of funding or monies from all other State bodies (for the purposes of this clause, a "Grant"):

a) *Name of Grantor*

The name of the grantor, specifying the exact title to be used in the report (e.g. Department of Environment, Community & Local Government, Health Service HSE etc.). Where the grant making agency is not a Government Department e.g. Pobal, the sponsoring Government Department must also be recorded.

b) *Name of Grant*

The actual name of the grant programme e.g. Rural Water Development Programme.

c) *Purpose of Grant*

The purpose for which the funds are applied under the following headings:

- Pay and general administration
- Service provision / charitable activity
- specified others, including such expenditure as advertising, consultancy

d) *Accounting for Grants:*

- (i) The amount and term of the total grant awarded;
 - (ii) The amount of the grant taken to income in the current financial statements;
 - (iii) Where (ii) above differs from the cash received in the relevant financial period, a table showing:
 - (a) The grant taken to income in the period
 - (b) The cash received in the period, and
 - (c) Any grant amounts deferred or due at the period end.
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- ensure that the published annual audited accounts separately identify:
 - fundraising, and the proceeds thereof, received by the Provider; and
 - monies generated from commercial or other activities of the Provider, and specifying such activities.
 - submit an annual report and additional financial information to the HSE in accordance with Schedules 4 and 5;
 - furnish an annual certificate from the organisation's auditors confirming that the accounts have been prepared and audited in accordance with GAAP and relevant legal and regulatory requirements in force at the time.