BORD OIDEACHAIS AGUS OILIÚNA
CHILL DARA AGUS CHILL MHANTÁIN
KILDARE AND WICKLOW
EDUCATION AND TRAINING BOARD

Terms of Reference for the Audit and Risk Committee

The Board will establish and maintain an Audit and Risk Committee in accordance with the provisions of Section 45 of the Education and Training Boards Act 2013. As a Committee of the Board, this Committee will support the Board in its responsibilities for internal control comprising corporate governance, risk management, internal audit and financial/non-financial controls and by reviewing the comprehensiveness of assurances in meeting the Board's assurance needs and reviewing the reliability and integrity of these assurances.

It should be noted that a number of the functions usually carried out by Audit and Risk committees are, in the ETB Sector, carried out by the Finance Committee which must also be established by the Board in accordance with the provisions of Section 45 of the Education and Training Boards Act 2013.

The Board is ultimately responsible for ensuring that the Chief Executive has instituted an adequate and appropriate system of internal control, including risk management and corporate governance, in the ETB.

In the performance of its role, the Audit and Risk Committee shall have the assistance of executive management, internal audit (IAU-ETBs) and external audit (C&AG).

Membership

- The Audit and Risk Committee should have 6 to 8 members.
- The Board will appoint the Audit and Risk Committee members and nominate the Chairperson. The Chairperson of the Audit and Risk Committee will not be a member of the Board.
- The members of the Audit and Risk Committee are:
- Board members (a maximum of three): Ms. Maria Barry, Cllr. David Trost, Cllr. Rupert Heather
- independent external members: Ms. Ailish Byrne, Mr. Paul McEvoy, Mr Alan Richardson; o the Audit and Risk Committee will be chaired by Mr. Paul McEvoy;
- The Chief Executive will make the necessary arrangements for the administrative support requirements of the Audit and Risk Committee. The Audit and Risk Committee will be provided with this function by Ann Kinsella, KWETB Corporate Governance and Compliance Officer.

Reporting

- The Audit and Risk Committee will formally report in writing to the Board not less than 4 times in each year (Section 45, Education and Training Boards Act, 2013)
- The Audit and Risk Committee will provide a report for the year, timed to support finalisation of the ETB's financial statements and annual report summarising (1) the result of internal audit reports (2) management representations received (3) the internal audit register outlining the history of internal audit
- The Audit and Risk Committee will provide a report on the self-evaluation of the Committee

Responsibilities

The main responsibility of the Audit and Risk Committee is to advise the Board on the ETB's system of internal control operated effectively during the reporting period and that the system of internal reporting gives early warning of internal control failures and emerging risks. The Committee will report to the Board in relation to Internal Control.

The Audit and Risk Committee carries out this responsibility by examining and considering available internal audit reports and by reporting to the Board whether the Chief Executive is, in the internal auditor's opinion, operating adequate and appropriate systems of internal control in the areas audited.

The Audit and Risk Committee will advise the Board on:

- the strategic processes for risk, internal control and governance;
- the management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter of representation;
- assurances relating to the management of risk and corporate governance requirements for the State body;
- anti-fraud policies, protected disclosure processes, and arrangements for special investigations; and
- the Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

Procedures and Work Programme

Having regard to the national arrangements for internal audit for the ETB sector, and the availability of internal audit reports, the Audit and Risk Committee's work programme should include:

i) Internal Audit: Monitoring and reviewing the effectiveness of the State body's internal audit activities

ii) Scope of Work: The Audit and Risk Committee should consider the scope of the Internal Audit Unit's work and consider whether the available resources and access to people and information allow the Unit to address significant risks within the organisation.

iii) Audit Plan: The Audit and Risk Committee should contribute to the development of the audit programme of the IAU-ETBs as required, making suggestions regarding risk and problem areas the audit plan should address. The Audit and Risk Committee should also receive regular progress reports from the Internal Audit Unit.

iv) External Auditor: The Audit and Risk Committee should review Management Letters and Letter of Representations and should be given sight of the organisational responses to the external auditor Management Letters and reports.

v) Views of External Auditor: The Audit and Risk Committee should request the views of the external auditor on the work and effectiveness of the Audit and Risk Committee. The Audit and Risk Committee should engage with the external auditor at least annually without executive personnel being present to ensure that there are no unresolved issues of concern and should make the external auditors aware of the corporate governance issues outlined in this Code with which the State body is required to comply.

vi) Co-operation between the External Auditor and Internal Audit Unit: The Audit and Risk Committee should encourage co-operation between the external auditor and Internal Audit Unit and receive confirmation from the external auditor and the Internal Audit Unit of the effectiveness of their working relationship. This involves a sharing of audit plans to prevent duplication of effort and Internal Audit Unit should provide the external auditor with copies of all completed Internal Audit Unit reports.

vii) The Committee should also consider:

- the effectiveness and adequacy of the State body's anti-fraud, anti-corruption and protected disclosure policies and staff awareness of them;
- whether financial control, including the delegation structure, enables the organisation to achieve its objectives on a value for money basis;
- whether the procedures for investment appraisal are fit for purpose and comply with good practice including the principles and relevant requirements of the Department of Public Expenditure and Reform Public Spending Code.

vii) Statement on Internal Control: The Committee should also satisfy itself that the State body's system of internal control operated effectively during the reporting period and that

the system of internal reporting gives early warning of internal control failures and emerging risks. The Committee will report to the Board in relation to Internal Control.

As early as possible in each year, and before the Finance Committee considers the annual accounts, the Audit and Risk Committee will carry out a review of internal controls for the previous year by undertaking the work outlined below, and by reviewing the minute books of the Board, the Audit and Risk Committee and the Finance Committee and other relevant factors, to ensure there are no inconsistencies in these with any assessment of internal control provided to the Audit and Risk Committee in Internal Audit reports and management representations. The Internal Audit Unit may be able to assist the Audit Committee in carrying out this review.

The Audit and Risk Committee will examine and consider available internal audit reports and report to the board whether the Chief Executive is, in the internal auditor's opinion, operating adequate and appropriate systems of internal control in the areas audited.

Where the internal auditor states that in his/her opinion there is inadequate internal control in the area audited, the Audit and Risk Committee should thoroughly understand the possible risks, for presentation to the main Board. This may necessitate meeting the internal auditor to determine the meaning and significance of the situation.

The Audit and Risk Committee may liaise with internal audit on any matter relating to areas audited previously by internal audit. It should do so where, from subsequent events/ disclosures, it appears to the Audit and Risk Committee that adequate and appropriate systems of internal control are not operating, so that it has a clear understanding of the situation.

In relation to areas not recently audited, the Audit and Risk Committee will consider internal and external audit reports and obtain confirmation from the Chief Executive that the system of internal control that operated in previous years has operated in the current year, as amended by any recommendations included in previous audit reports. The Audit and Risk Committee will form an opinion as to the validity of this assurance in the light of all relevant factors, including that the operation of these internal controls has not been confirmed by internal audit.

When undertaking this work, the Audit and Risk Committee should consider all relevant concerns, which could include:

- The outcome of an investigation of a specific item;
- The outcome of a Revenue audit;
- The outcome of a legal action against the ETB;

- Incidents of fraud;
- Whether the accounts in the previous 5 years had to be resigned.

Rights

The Audit and Risk Committee may:

- View all relevant reports prepared for or by the IAU-ETBs
- Query any matters within the scope of its terms of reference
- Recommend that the Board appoint (subject to maximum number of members) additional members to provide specialist skills, knowledge and experience; and
- Procure specialist ad-hoc advice at the reasonable expense of the ETB, subject to budgets agreed by the Board and relevant funders or invite persons with relevant expertise who are not Members of the Board to attend Audit and Risk Committee meetings.

Access

The Director of the IAU-ETBs and the representative of the C&AG will have free and confidential access to the Chairperson of the Audit and Risk Committee.

Meetings

- The Audit and Risk Committee will meet at least four times a year. The Chairperson of the Audit and Risk Committee may convene additional meetings, as deemed necessary;
- A minimum of three members of the Audit and Risk Committee, at least one of whom is not a member of the Board, will be present for the meeting to be deemed quorate.
- The agenda for an Audit and Risk Committee meeting shall be set by the chairperson of the Audit and Risk Committee.
- Only Audit and Risk Committee members are entitled to be present at a meeting of the Audit and Risk Committee. As the business of the Audit and Risk Committee requires, the CE, the Director of OSD and the Finance Officer (for example) should attend for specific meetings or agenda items at the Committee's request;
- The Audit and Risk Committee may ask any other officials of the ETB to attend to assist it with its discussions on any particular matter;
- The Audit and Risk Committee should request the internal auditors or external auditors (C&AG) to attend as necessary.
- the Audit and Risk Committee may ask any or all of those who are in attendance but who are not members to withdraw to facilitate open and frank discussion of particular matters;

- 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 Audit and Risk Committee members are expected to attend each meeting.
- In the event of the chairperson not being in attendance at a quorate meeting of the Audit and Risk Committee, a member of the Committee who is not a member of the Board must act as Chairperson of Audit and Risk Committee for that meeting.

Information Requirements

For each meeting the Audit and Risk Committee will be provided (well ahead of the meeting) with:

- a report summarising any significant changes to the ETB's strategic risks and a copy of the strategic/corporate Risk Register;
- a progress report on Internal Audit summarising:
  - ✓ work performed (and a comparison with work planned);
  - ✓ a copy of the most recent internal audit report
  - ✓ key issues emerging from the work of internal audit;
  - ✓ management response to audit recommendations;
  - ✓ Any changes to the agreed internal audit plan as notified by the IAU-ETBs o any resourcing issues affecting the delivery of the objectives of internal audit.
  - ✓ a progress report (written/verbal) from the C&AG 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);
- management assurance reports/executive representations in respect of internal controls, in writing and signed by the Chief Executive
- reports on the management of major incidents, "near misses" and lessons learned.

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

- the draft financial statements of the organisation;
- the draft governance statement;
- a report on any changes to accounting policies;
- the C&AG's management letter;
- the Statement of Internal Control; and
- the organisation's risk management strategy as regards agency and self-financing programmes.

And, with regard to the national arrangements for the IAU-ETBs:

- proposals for the terms of reference of internal audit / the internal audit charter;
- the internal audit strategy;
- quality assurance reports on the IAU-ETBs;
- a report on co-operation between internal and external audit; and

The list provided suggests minimum requirements for the inputs which should be provided to the Audit and Risk Committee. In some cases more may be provided.

Minutes

- Minutes shall be approved by the Committee.
- Minutes should include:
  a) Details of the procedures followed by the Committee in performing its duties;
  b) The outcome of the Committee's work;
  c) The Committee's assessment of the integrity of executive management's representations;
  d) The Committee's recommendation, if any, to the Board.
- Minutes of meetings will be prepared and issued in a timely manner to Audit and Risk Committee members.
- Copies of the minutes should be kept securely in the ETB's administrative offices and, generally, be accessible only to members of the Audit and Risk Committee.