



**lcetb**

Bord Oideachais agus Oiliúna  
Luimnigh agus an Chláir  
*Limerick and Clare  
Education and Training Board*

# Audit Committee Terms of Reference

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|----------------|----------------------|
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| Responsibility | Corporate Affairs    |
| Approval       | Pending              |

### 1.0 Title

The Audit Committee – Terms of Reference

### 2.0 Mission & Role

Limerick and Clare Education and Training Board will establish and maintain an Audit Committee in accordance with the provisions of Section 45 of the Education and Training Boards Act 2013.

A number of the functions usually carried out by audit committees are, in the ETB Sector, carried out by the Finance Committee.

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 LCETB.

### 3.0 Purpose/Function

The Audit Committee will, by examining and considering internal audit reports, statutory audit reports and the confirmations of the Chief Executive, report to the Board in accordance with the Audit Committee procedures.

The Audit committee will, as early as possible in each year, and before the Finance Committee considers the annual accounts, carry out a review of internal controls for the previous year by undertaking the work outlined hereunder in the Audit Committee Terms of Reference and by reviewing the minute books of the Board, the Audit Committee and the Finance Committee and other relevant factors, to ensure there are no inconsistencies in these with the assessment of internal control provided to the audit committee by the internal audit unit or management representations received.

#### 3.1 Audit Committee Procedures

The areas of activity to be considered by the Audit Committee can be subdivided into three categories:

- (a) Areas of activity audited by the internal auditor in the current year;
- (b) Areas of activity not audited by the internal auditor in the current year but audited in the previous 5 years;
- (c) Areas of activity not audited by the internal auditor in the previous 5 years.

The steps to be taken by the Audit Committee in relation to each of these categories include, but are not limited to, the following:

*(a) Areas of activity audited by the internal auditor in the current year*

The Audit Committee will examine and consider 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 Committee should thoroughly understand the possible risks, for presentation to the main Board. This may necessitate meeting the internal auditor.

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The Audit 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 Committee that adequate and appropriate systems of internal control are not operating, so that it has a clear understanding of the situation.

### *(b) Areas of activity not audited by the internal auditor in the current year but audited in the previous 5 years*

The Audit 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 internal auditor recommendations.

The Audit 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.

### *(c) Areas not audited by the internal auditor in the previous 5 years*

The Audit Committee will obtain confirmation from the Chief Executive that the system of internal control is adequate and appropriate.

The Audit 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.

## 3.2 Relevant Concerns

When undertaking its work, the Audit 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.

## 3.3 Overview of Risk Management

The Board may determine that the overview of risk management is a function of the Audit Committee.

## 4.0 Membership

- The Board will appoint the Audit Committee members and nominate the Chairperson.
- The Audit Committee will consist of six members, not more than three of whom are members of the Board.
- The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience, preferably in a public service organisation.
- The Chairperson of the Audit Committee will not be a member of the Board.
- A person with an executive function<sup>10</sup> in an ETB, including the Chief Executive, may not be a member of the Audit Committee.

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- The Chairperson of the ETB may not be a member of the Audit Committee.
- A member of the Finance Committee may be a member of the Audit Committee.
- All members of the Audit Committee must have a thorough understanding of corporate governance and the role of the Audit Committee. In this regard, the Audit Committee Chairperson and members will be provided with initial induction and continuing training in such matters as corporate governance and the role of internal and external audit.

### **5.0 Authority**

- The Audit Committee is entitled to view all relevant reports prepared for or by the internal audit unit.
- It may retain professional advice or assistance in the performance of its functions, when approved by the Department of Education and Skills.
- It may invite persons with relevant expertise who are not Members of the Board to attend Audit Committee meetings.
- It may engage with the internal auditor and the C & AG.
- It may engage with executive management, on a non-routine basis, following a request from the audit committee to executive management.

### **6.0 Meetings**

- The Audit Committee shall meet at least four times a year. It is a matter for the Audit Committee to decide if additional meetings are warranted.
- The agenda for an audit committee meeting shall be set by the chairperson of the audit committee.
- All Audit Committee members are expected to attend each meeting.
- A quorum will consist of three members of the Audit Committee.
- Members of the audit committee who are not members of the Board must not be in the minority at Audit Committee meetings.
- Only Audit Committee members are entitled to be present at a meeting of the Audit Committee.
- A Chief Executive or a member of staff of an education and training board shall, when requested to do so by the Audit Committee, attend a meeting of the Audit Committee. In this regard the Chief Executive or a member of staff should not routinely attend Audit Committee meetings. It is considered best practice that the Audit Committee considers internal or external audit reports in their absence.
- Executive representations in respect of internal controls, signed by the Chief Executive, should be provided in writing to the Audit Committee prior to the Audit Committee meeting.

- The Audit Committee should request the internal auditors or external auditors (C&AG) to attend as necessary.
- Where the Audit Committee members do not have sufficient knowledge or experience in a particular area, the Audit Committee may invite persons, other than the Chief Executive or another person with an executive function, with relevant expertise to attend meetings.
- The Chief Executive or the Chairperson of the Board may ask the Audit Committee to convene additional meetings to consider particular issues.

### 7.0 Minutes

- Minutes shall be taken and prepared by a member of 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 Committee members.

### 8.0 Board Members Access to Audit Committee Minutes

In normal circumstances, the minutes of Audit Committee meetings will not be furnished to Board members or to members of the LCETB's executive.

However, if a member of the Board who is not a member of the Audit Committee has good reason to believe that a matter has been misrepresented, he/she may discuss the matter with Chairperson of the Audit Committee to see if it can be addressed to his/ her satisfaction. Subsequently, the member may proceed to seek access to minutes as follows:

- The member should be granted access to the minutes on the premises of the LCETB. In these circumstances, the member may not remove the minutes or a copy of the minutes from the premises of the LCETB;
- Following access to the minutes, any issue that may remain for the member should be raised in the first instance with the Audit Committee for a full explanation and resolution;
- The member may then raise the matter with the internal auditor if required;
- Subsequently, the member may raise issue with the Board. However, in such a case comment should be restricted to the general policy/ procedures that apply in regard to the particular matter;
- The member should not communicate the content of the minutes to any party outside the Board.

**9.0 Administrative Support**

- The Chief Executive will make the necessary arrangements for the administrative requirements of the Audit Committee, including the issue of meeting agendas, briefing documents etc. in advance and in a timely manner to Audit Committee members.