

Audit and Risk Committee

Finance Committee

Explanatory Memorandum

Introduction

WWETB has established both an Audit and Risk Committee and Finance Committee in accordance with Section 45 of the Education and Training Boards Act, 2013.

Function

The Audit and Risk and Finance Committees have specific roles, separate and independent of executive management, in assisting the Board of WWETB in discharging its functions.

The Committees must ensure that the interests of all stakeholders are fully protected in relation to business and financial reporting and internal control.

Relevant extracts from the Code of Practice for the Governance of ETBs are attached.

Appendix 1: Finance Committee

Appendix 2: Audit and Risk Committee

Appendix 3: Template Terms of Reference for Audit and Risk Committee

Appendix 4: Template Terms of Reference for Finance Committee

Membership

Members of the Audit and Risk Committee and Finance Committee should have experience in and/or knowledge of:

- Corporate Governance;
- Risk Management;
- Internal Audit;
- Financial Practices; and
- Public Sector Organisations.

Both Committees are comprised of WWETB Board Members and External Member (s).

Chairperson

The Chairperson of the Audit and Risk Committee cannot be a Board member of WWETB.

The Chairperson of the Finance Committee may be a member (but not Chairperson) of the WWETB Board.

Appointment

All members of the Audit and Risk Committee and the Finance Committee are appointed by the WWETB Board.

A Sub Committee of the WWETB Board may be formed to consider expressions of interest received for membership of both Committees and candidates may be interviewed as part of this process.

WWETB will provide a formal induction to all Committee members.

Activities

The Audit and Risk Committee has specific duties in assisting the WWETB Board in its oversight function. The Chairperson of the Audit and Risk Committee has unrestricted and confidential access to the Director of Internal Audit Unit Education and Training Boards (IAUETBs) and to the C&AG where appropriate. The Audit and Risk Committee has the authority to query any matters within its terms of reference.

Examples of items considered by the committees may include but are not limited to the following:

- Contracts in excess of a defined value;
- Review of capital projects;
- Review of income and expenditure;
- Consideration of Annual Financial Statements and Service Plan;
- Consideration of Audit Reports;
- Review of Risk Register; and
- Statement of Strategy

Frequency of Meetings

Each Committee is required to meet at least four times per year and formally report to the WWETB Board on its deliberations. Both Committees may be required to meet more frequently depending on the current agenda and priorities of the WWETB Board. The Chairpersons of both Committees will work closely with the Chair of the WWETB Board to ensure a high standard of governance across WWETB.

Both Committees may request relevant members of staff to attend meetings as required or provide further information to the Committee to assist them in their function.

The Education and Training Boards Act 2013 and the Code of Practice for the Governance of Education and Training Boards 2019, details responsibilities and functions of both.

Expressions of Interest

Any person wishing to be considered for appointment to the aforementioned Committees must submit an application to include the following:

- Statement of Interest in Committee(s)
- Demonstration of prior relevant experience and/or knowledge:
 - Corporate Governance;
 - Risk Management;
 - Internal Audit;
 - Financial Practices; and
 - Public Sector Organisations
- Curriculum Vitae detailing relevant qualifications; and
- Any other pertinent information.

Applications may be submitted to margaretkelly@wwetb.ie by Friday 11th of October 2019.

Appendix 1 – Finance Committee

Extract from the Code of Practice for the Governance of Education and Training Boards 2019.

Finance Committee

Principle

While the Board has reserved functions in relation to financial matters including the keeping of accounts, the adoption of an Annual Service Plan and the power to borrow money, the Finance Committee has a particular role in supporting the Board in this work by examining and reporting to the Board on financial matters.

Code Provisions

Finance Committee: Each ETB is required in accordance with Section 45 of the Education and Training Boards Act, 2013, to establish a Finance Committee to report to the Board on financial matters. The Finance Committee must report to the Board a minimum of four times in each year. The Finance Committee should have at least three and not more than seven members.

The Finance Committee should have members drawn from outside the Board. The Finance Committee should be empowered to recommend that the Board appoint (subject to maximum number of members) additional members to provide specialist skills and advice at reasonable and approved expense to the ETB to assist the Committee with specific areas of its business.

Terms of Reference: The roles and responsibility of the Finance Committee should be set out in a written Terms of Reference which should be communicated to all members of the Committee.

The Terms of Reference for the Finance Committee should be set by the Board and should include provisions regarding:

- Membership;
- Reporting requirements;
- Authority;
- Meetings – timing, conduct, frequency;
- Information requirements; and
- Reviewing its own effectiveness.

Terms of Reference will be set by the Department in conjunction with the Sector. A template Terms of Reference is included at Appendix 14 of the Code of Practice to be used by each ETB.

Appointments

Appointments to the Finance Committee will be made by the Board.

The Chairperson of the Board may be a member of, but not the Chair of, the Finance Committee.

A person with an executive function in any ETB, including the Chief Executive, should not be a member of a Finance Committee, or an Audit and Risk Committee of that ETB.

The Finance Committee should include at least one member who is external to the ETB and who has relevant financial experience.

Duration of Appointment: The duration of appointment of Finance Committee members is for the term of the Board.

Relevant Skills and Experience: The Finance Committee should collectively possess an appropriate range of skills to perform its functions to the required standard. Members should have a thorough understanding of the role of the Finance Committee and financial experience. In this regard, the Finance Committee Chairperson and members should be provided with initial induction and continuing training in relevant matters as appropriate.

Competencies

In addition to the skills outlined above, members should have, or acquire as soon as possible after their appointment, an understanding of:

- The functions of an ETB;
- Organisational culture, objectives and challenges;
- Organisational structure including key relationships, e.g. the ETB's relationship with the Minister, the Department of Education and Skills and other funding agencies/Departments; and
- Relevant legislation and other rules governing the financial operations of the ETB.

Letter of Appointment

There should be a standard letter of appointment for each new Finance Committee member, where appropriate, including:

- Role of the Finance Committee;
- Duration of appointment and renewal provisions;
- Support and training to be provided;
- The time commitment involved;
- Level of remuneration (where appropriate);
- Rules regarding conflict of interests;
- Performance management arrangements; and
- Termination arrangements.

Conflict of Interest

The process for recording declarations of conflicts of interest in the Finance Committee should be the same used at Board level. Each member of the Committee should take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for Finance Committee meetings.

Register of Members Interests

A register of Finance Committee members' interests should be maintained by the Board. Members should be required to declare any potential conflict of interest with any of the business items on the agenda for the Finance Committee meeting. The Committee should specify its procedures where a conflict of interest arises including the requirement that the relevant member brings this to the attention of the Chairperson and, where necessary, leaves the room for the duration of the discussion and not take part in any decisions relating to the discussion. Similar arrangements should apply in relation to meeting documentation, where such documentation is not made available to the member. This should be noted in the minutes of the meeting.

Training and Development

There should be a formal induction process in place (including individually tailored training) for new Finance Committee members. The Finance Committee and Chairperson should make recommendations to the Board on the Committee's and individual member's training needs. The Finance Committee should keep up to date with good practice and developments in financial management and reporting.

Frequency of Meetings

The Finance Committee should meet at least four times a year and invite outsiders with relevant experience to attend meetings if necessary.

Authority to query

The Finance Committee should have explicit authority to query any matters within its Terms of Reference, as well as having the resources it needs to do so, and full access to information. Where professional advice is deemed to be required, the approval of the Department of Education and Skills should be sought in advance of obtaining the outside professional advice.

Relationships

As the business of the Finance Committee requires, the Chief Executive and/or the Director of Organisation Support and Development, should attend for specific meetings or agenda items at the Committee's request. Executive members of the organisation should be invited to attend Finance Committee meetings to participate in discussions and provide information as required. Executive members of the organisation should maintain an appropriate relationship with the Finance Committee.

Communications

The Finance Committee should ensure that it communicates effectively with the Board. The approved minutes of each Finance Committee meeting should be submitted to the Board as the formal record of each meeting held and items discussed.

Reports

The Finance Committee should report to the Board on:

- The draft Service Plan;
- Whether the Chief Executive is implementing the Service Plan, as adopted by the Board, and within the expenditure limits set by the Minister and other funding bodies, as appropriate. This is done by considering the monthly accounts and other financial reports provided to the Board by the Chief Executive;
- Whether to accept the annual accounts/draft financial statement as presented by the Chief Executive and to recommend whether they should be signed by the Chairperson. In doing this, the Finance Committee should establish that in the view of the Committee and based on the information available to it, the financial statements properly present the income and expenditure of the Board and the state of affairs of the Board; and
- Its view of its own effectiveness with advice on how it can be strengthened and developed.

Draft Financial Statements

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

- a) For Accounts to properly present the income and expenditure of the Board and the state of affairs of the Board, they should
 1. Comply with Accounting Standards applicable to the ETB;
 2. Incorporate judgement as to valuation, disclosure and materiality aimed to give a True and Fair View;
 3. Be prudent in making judgements especially where there is uncertainty; and
 4. Reflect the commercial substance of transactions and not the legal form.

- b) The Finance Committee should review the draft Financial Statements before recommending their adoption by the Board and consider whether;
 1. Accounting policies, completeness of financial statements, anti-fraud policy and losses are properly recorded and accounted for;
 2. Suitable processes are in place to ensure that regularity, probity and propriety are achieved;
 3. Issues raised by the external auditor have been comprehensively and appropriately dealt with; and
 4. The financial statements present fairly the financial position of the ETB.
- c) As part of this process the Finance Committee will;
 1. Review the summary report of the Audit and Risk Committee to the Board to ascertain that the ETB has an adequate System of Internal Control that ensures transactions are conducted, recorded and presented with integrity;
 2. Establish that prior period difficulties have been resolved;
 3. Consider whether the Statement on the System of Internal Control (SIC) and Letter of Representation are comprehensive, meaningful and consistent with its knowledge of the ETB; and
 4. Seek any confirmations/assurances it deems reasonable from the Chief Executive.

Where the Internal Auditor has stated that, in his/her opinion, s/he is reasonably assured, having regard to the scope of any audit carried out, that management is operating an adequate system of internal control, the Board and the Finance Committee can have confidence that all information provided by executive management is reliable, provided the control systems continue to operate and are not overridden.

Chairperson of the Finance Committee

The Chairperson of the Finance Committee has particular responsibility for ensuring:

- That the Finance Committee is appropriately resourced;
- That 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;
- That they report at Board meetings and submit regular written reports to the Board containing relevant information;
- That matters arising are reported on at each subsequent meeting; and
- That they are involved in the appointment of new Committee members.

Appraisal

Appraisal of the Chairperson of the Finance Committee, to ensure that the responsibilities outlined at paragraph above, should be overseen by the Chairperson of the Board.

Finance Committee Administrative Support

The Chief Executive should assist the members of the Finance Committee in the performance of their functions in such manner as those members may require.

Appendix 2 – Audit and Risk Committee

Extract from the Code of Practice for the Governance of Education and Training Boards 2019.

Audit and Risk Committee

Principle

While the Board has a duty to act in the interests of the ETB, the Audit and Risk Committee has a particular role, acting independently of the management of the ETB, to ensure that the interests of Government and other stakeholders are fully protected in relation to business and financial reporting and internal control.

A number of the functions usually carried out by Audit and Risk Committee may, in the ETB Sector, be carried out by the Finance Committee.

Code Provisions

Internal Controls

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. The Board should be supported by:

- An Audit and Risk Committee; and
- An Internal Audit Unit operating to the International Standards of the Institute of Internal Auditors or equivalent professional standards.

Audit and Risk Committee

Each ETB is required in accordance with Section 45 the Education and Training Boards Act 2013, to establish an Audit and Risk Committee to assist the Board in discharging its internal audit functions. The Audit and Risk Committee must report to the Board a minimum of four times in each year. The Audit and Risk Committee should have 6 – 8 members.

The Audit and Risk Committee should have members drawn from outside the Board. The Audit and Risk Committee should be empowered to recommend that the Board appoint (subject to maximum number of members) additional members to provide specialist skills, knowledge and experience where necessary at a particular time and to procure specialist advice at reasonable and approved expense to the ETB to assist the Committee with specific areas of its business.

Written Charter

The roles and responsibilities of the Audit and Risk Committee should be set out in a written charter, including Terms of Reference which should be communicated to all members of the Committee.

The Terms of Reference for the Audit and Risk Committee should be set by the Board and should include provisions regarding:

- Membership;
- Reporting requirements;
- Authority to query;
- Meetings - timing, conduct and frequency;
- Information requirements;
- Value for money;
- Governance; and
- Responsibilities regarding:
 - Risk Management;
 - Internal Control;
 - Internal Audit;
 - External Audit; and
 - Reviewing its own effectiveness.

A Template Charter including Terms of Reference for an Audit and Risk Committee is provided at Appendix 11 of the Code of Practice.

The Audit and Risk Committee should review on an annual basis their Terms of Reference and recommend any necessary changes to the Board. It is important that a balance is struck during Audit and Risk Committee meetings between governance, risk management and internal control.

Chairperson of the Board

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.

Appointments

Appointments to the Audit and Risk Committee should be made by the Board in consultation with the Chairperson of the Audit and Risk Committee.

- The Chairperson of the Audit and Risk Committee will not be a member of the Board;
- A person with an executive function in an ETB, including the Chief Executive, may not be a member of the Audit and Risk Committee of that ETB; and
- A member of the Finance Committee may be a member of the Audit and Risk Committee.

Duration of Appointment

The duration of appointment of Audit and Risk Committee is for the term of the Board.

Relevant Skills and Experience

The Audit and Risk Committee should collectively possess an appropriate range of skills to perform its functions to the required standard. All members of the Audit and Risk Committee should have a thorough understanding of corporate governance and the role of the Audit and Risk Committee. In this regard, the Audit and Risk Committee Chairperson and members should be provided with an initial induction and continuing training in such matters as corporate governance and the role of internal and external audit.

The Board should satisfy itself that at least one member of the Audit and Risk Committee has recent and relevant governance experience, preferably in a public service organisation outside of the ETB Sector and other members should have recent relevant financial experience and experience in the core areas of its activities 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 initiative.

Where the Audit and Risk Committee members do not have sufficient knowledge or experience in a particular area, the Audit and Risk Committee may invite persons, other than the Chief Executive or another person with an executive function, with relevant expertise to attend meetings.

Assessment Criteria

There should be formal assessment criteria for the appointment of the Chairperson and other Audit and Risk Committee members. In addition to the skills mix issues outlined above, members should have, or acquire as soon as possible after their appointment, an understanding of:

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

Letter of Appointment

There should be a standard letter of appointment for each new Audit and Risk Committee member, where appropriate, including:

- Role of the Audit and Risk Committee;
- Duration of appointment and renewal provisions;
- Support and training to be provided;
- The time commitment involved;
- Level of remuneration (where appropriate);
- Rules regarding conflict of interests;
- Performance management arrangements; and

- Termination arrangements.

Conflict of Interest

The process for declarations of conflicts of interest in the Audit and Risk Committee should be the same used at Board level. Each member of the Committee should take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for Audit and Risk Committee meetings.

Register of Members Interest

A register of Audit and Risk Committee members' interest should be maintained by the Board. Members should be required to declare any potential conflict of interest with any of the business items on the agenda for the Audit and Risk Committee meeting. The Committee should specify its procedures where a conflict of interest arises including the requirement that the relevant member brings this to the attention of the Chairperson and, where necessary, leaves the room for the duration of the discussion and not take part in any decisions relating to the discussion. Similar arrangements should apply in relation to meeting documentation, where such documentation is not made available to the member. This should be noted in the minutes of the meeting.

Training and Development

There should be a formal induction process in place (including individually tailored training) for new Audit and Risk Committee members. The Audit and Risk Committee and Chairperson should make recommendations to the Board on the Committee's and individual member's training needs. The Audit and Risk Committee should keep up to date with good practice and developments in financial management and reporting.

Frequency of Meetings

The Audit and Risk Committee should meet at least four times a year and invite outsiders with relevant experience to attend meetings if necessary.

Authority to query

The Audit and Risk Committee should have explicit authority to query any matters within its Terms of Reference, as well as having the resources it needs to do so, and full access to information.

Relationships

As the business of the Audit and Risk Committee requires, the Chief Executive and/or the Director of Organisation Support and Development, should attend for specific meetings or agenda items at the Committee's request. Executive members of the organisation should be invited to attend Audit and Risk Committee meetings to participate in discussions and provide information as required. Executive members of the organisation should maintain an appropriate relationship with the Audit and Risk Committee.

Communications

The Audit and Risk Committee should ensure that it communicates effectively with the Board. The approved minutes of each Audit and Risk Committee meeting should be submitted to the Board as the formal record of each meeting held and items discussed.

Internal Auditors

The Audit and Risk Committee should liaise with the Internal Audit Unit 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. The Audit and Risk Committee should maintain an Audit Register. A Sample Audit Register is contained in Appendix 12 of the Code of Practice.

External Auditors

The Audit and Risk Committee should, at least once a year, consult with the Comptroller and Auditor General regarding the work carried out by the Comptroller and Auditor General in relation to the ETB's compliance with the requirements set out in this document and audit findings. The informed views of the individual Audit and Risk Committees should be communicated to the Internal Audit Unit.

Taking account of the size of the ETB and the occurrence of weaknesses in internal controls or audit issues, the Audit and Risk Committee should meet with or otherwise engage with the Comptroller and Auditor General at least once a year without senior management present to ensure there are no unresolved issues of concern and to make the External Auditor aware of any emerging risks or governance issues.

Annual Reports

The Audit and Risk Committee's annual report to the Board should present a summary of the results of internal audit and management representations in respect of the management and internal control systems, and the sources of assurance to the Board.

The annual report should include:

- Internal controls;
- Financial reporting;
- Compliance;
- Governance; and
- Quality of internal audit.

The Committee should also report its view of its own effectiveness with advice on how it can be strengthened and developed.

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 properly resourced;
- The Committee reviews Internal Audit Reports and management responses and ensures that actions are followed up;
- That 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;
- That they report at Board meetings and submit regular written reports to the Board containing relevant information;
- That matters arising are reported on at each subsequent meeting; and
- That they are involved in the appointment of new Committee members.

Appraisal

Appraisal of the Chairperson of the Audit and Risk Committee should be overseen by the Chairperson of the Board.

Audit and Risk Committee Administrative Support

The Audit and Risk Committee requires support in:

- Commissioning papers;
- Circulating documents and minutes of meetings;
- Documenting ownership of agreed actions and the follow-up/tracking of same;
- Keeping the Committee abreast of developments in the ETB;
- Arranging induction and training for Committee members; and
- Maintaining a record of members' appointments and termination/renewal dates and ensuring that appropriate appointment procedures are initiated when necessary, etc.

Administrative support should be provided, as necessary, to the Audit and Risk Committee for the administrative tasks as outlined above. Centralised supports should also be accessed where required (e.g. through ETBI for training/induction).

Appendix 3 – Template Terms of Reference – Audit and Risk Committee

Extract from the Code of Practice for the Governance of Education and Training Boards 2019.

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 of 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 functions usually carried out by Audit and Risk Committee 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 shall 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): [list those who are appointed to the Audit and Risk Committee];
 - Independent external members: [list those who are appointed to the Audit and Risk Committee; (in all cases indicate the date of appointment and when the appointment is due to end/become eligible for renewal)];
 - The Audit and Risk Committee will be chaired by [name];
- 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 [name/s].

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 report (2) management representations received (3) the internal audit register outlining the history of internal audit; and
- 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 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 the 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:**
 - o The effectiveness and adequacy of the State body’s anti-fraud, anti-corruption and protected disclosure policies and staff awareness of them;
 - o Whether financial control, including the delegation structure, enables the organisation to achieve its objectives on a value for money basis; and
 - o 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;
- viii) **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 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; and
- 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 ITU-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;
- 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 4 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 a quorate;
- The Agenda for the 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 the meeting of the Audit and Risk Committee. As the business of the Audit and Risk Committee requires, the Chief Executive, 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 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
 - 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; and
- 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;
- 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; and
- A report on co-operations between internal and external audit.

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:
 - Details of the procedures followed by the Committee in performing its duties
 - The outcome of the Committee's work
 - 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; and
- 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

Appendix 4 – Template Terms of Reference – Finance Committee

Extract from the Code of Practice for the Governance of Education and Training Boards 2019.

The Board will establish and maintain a Finance 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 in relation to financial matters.

The Board is ultimately responsible for such matters including the keeping of accounts, the adoption of an annual service plan and the power to borrow money.

In the performance of its role, the Finance Committee shall have the assistance of Executive Management.

Membership

- The Finance Committee should have 3 to 7 members;
- The Board will appoint the members and nominate the Chairperson. The Chairperson of the Finance Committee should not be the Chairperson of the Board;
- The Chief Executive or another person with an executive function shall not be a member of a Finance Committee;
- The Finance Committee should include at least one member from outside the ETB who has relevant financial experience;
- The members of the Finance Committee are:

[name/s]

- The Chief Executive will make the necessary arrangements for the administrative support requirements of the Finance Committee. The Finance Committee will be provided with its function by [name/s].

Reporting

The Finance 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 Finance Committee will provide a report for the year, timed to support the Board's consideration of the draft annual financial statements.

The Finance Committee will provide a report on the self-evaluation of the Committee.

Responsibilities

- To report to the Board, not less than four times in each year, whether the Chief Executive is implementing the Service Plan, as adopted by the Board, and within the expenditure limits set by the Minister. This is done by considering the monthly accounts and ad hoc reports provided to the Board by the Chief Executive;
- To advise the Board on the accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- To review and report to the Board on the draft Service Plan;
- To advise the main Committee whether to accept the accounts as presented by the Chief Executive and to recommend whether they should be signed by the Chairperson. In doing this, the Finance Committee is established based on the information available to it, it considers that the financial statements properly present the income and expenditure of the Board and the state of affairs of the Board; and
- The Finance Committee shall make arrangements for the preparation of reports to the Board.

Rights

The Finance Committee may:

- 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 of the ETB, subject to budgets agreed by the Board and by the Department of Education and Skills, or invite persons with relevant expertise who are not Members of the Board to attend Finance Committee meetings; and
- Where the Finance Committee members do not have sufficient knowledge or experience in a particular matter the Finance Committee may invite persons, other than the Chief Executive or another person with an executive function, with relevant experience to attend meetings.

Meetings

The Finance Committee will meet at least 4 times a year. The Chairperson of the Finance Committee may convene additional meetings, as deemed necessary;

- A minimum of three members of the Finance Committee will be present for the meeting to be deemed quorate;
- The agenda for a Finance Committee meeting shall be set by the Chairperson of the Finance Committee;
- Only Finance Committee members are entitled to be present at a meeting of the Finance Committee. As the business of the Finance Committee requires, the Chief Executive, the

Director of OSD and the Finance Officer (for example) should attend for specific meetings or agenda items at the Committee's request;

- The Finance Committee may ask any other officials of the ETB to attend to assist it with its discussions on any particular matter;
- The Finance 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 Finance Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice;
- All Finance Committee members are expected to attend each meeting.

Information Requirements

- Finance Committee members should be granted access to the monthly accounts and other ad hoc or requested reports well in advance of the Finance Committee meeting. Members must always be aware of the requirement of the Code of Conduct that they should treat with discretion all information received while acting in their capacity as members of the Committee;
- Executive representations in respect of matters relevant to the Finance Committee, in writing from the Chief Executive, should be provided in advance of meetings. However, where necessary, the Chief Executive, or another person with an executive function, may be requested to attend by the Finance Committee to provide information or to clarify a particular matter; and
- As and when appropriate the Committee will also be provided with:
 - The draft financial statements of the ETB
 - The draft SIC for the ETB.

Minutes

- Minutes will be approved by the Committee;
- Minutes should include:
 - a) Details of the procedures followed by the Committee in performing its work
 - b) The outcome of the Committee's work
 - c) The Committee's recommendations, if any to the Board
- Minutes of meetings will be prepared and issued in a timely manner to Finance Committee members; and
- Copies of the minutes should be kept securely in the ETB's administrative offices and, generally, be made available only to members of the Finance Committee.

Administrative Support

- The Chief Executive will make the necessary arrangements for the administrative requirements of the Finance Committee.

