

## **Summary of the Role of the Audit and Risk Committee**

*taken from the Code of Practice for the Governance of Education and Training Boards, Department of Education [Circular 0002/2019](#)*

### **Role of the Audit and Risk Committee (Code of Practice Page 40):**

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.

It is important that a balance is struck during Audit and Risk Committee meetings between governance, risk management, internal control.

### **Code of Practice Pages 89/90**

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.

- **Duration of appointment and renewal provisions (Code of Practice Page 41):**

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

Note that the term of the Board is five years in line with European and Local Authority elections.

- **Support and training to be provided (Code of Practice Pages 42 and 43):**

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; 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).

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 corporate governance.

- **The time commitment involved (Code of Practice Page 42):**

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

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 at Appendix 12.

The Audit and Risk Committee should, at least once a year, consult with the Comptroller & 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 & 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.

- **Level of remuneration (where appropriate):**

Department of Education - Guidelines March 2015: Appointment of members to ETB Audit and Finance Committees who are not members of the ETB Board:

An external member, who is not a public servant, is entitled to a fee of €282.79 per meeting up to a maximum of €1,414 per year.

A chairperson, who is not a public servant, is entitled to a fee of €402.38 per meeting up to a maximum of €2,012 per year.

An external member who is in receipt of a fee is not due travel and subsistence.

- **Rules regarding conflict of interests (Code of Practice Page 42):**

The process for recording 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.

A register of Audit and Risk 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 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.

- **Performance management arrangements (Code of Practice Page 43):**

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

The Chairperson of the Audit and Risk Committee has particular responsibility for ensuring that the Audit and Risk Committee is appropriately 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 that they are involved in the appointment of new Committee members.

- **Termination arrangements:**

The duration of appointment of Audit and Risk Committee is for the term of the Board. A member may resign from the Committee by writing to the Chairperson of the Committee.