



## **AUDIT & FINANCE COMMITTEE**

### **TERMS OF REFERENCE**

Date of issue: 3<sup>rd</sup> August 2018

#### **1. Constitution**

- a) The Audit & Finance Committee is constituted as a Committee of the Board of Carriglea Cáirde Services.
- b) The Committee's terms of reference may be amended at any time by the Board.
- c) The Committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

#### **2. Authority**

- a) The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- b) The Committee is authorised by the Board to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge.
- c) The objective of the committee is to assist the Board in carrying out its duties in regard to financial reporting and legal compliance.

#### **3. Membership**

- a) The Committee shall be appointed by the Board from amongst its members. It shall consist of not less than three Board members. At least one member (preferably the Chairperson) should have relevant financial experience. They may also co-opt a maximum of 2 additional individuals with special expertise to join the Committee. Such co-optees need not be members of the Board.
- b) The Chairman of the Committee shall be appointed by the Board.

- c) The Company Secretary is Secretary to the Committee and a member of the Committee where the Company Secretary is a member of the Board. A recording secretary may be appointed by resolution of the committee.
- d) Training relevant to the health or voluntary sector may be provided to Committee members, including provision of access to the HSE Finance Staff Intranet.

#### **4. Attendance at Meetings**

- a) The quorum necessary for the transaction of the business of the Committee shall be at least two Committee members.
- b) At least once a year the Committee shall meet with the internal auditor without the Chief Executive Officer, Finance Manager or any other employee being present.
- c) At least once a year the Committee shall meet with the external auditor without the Chief Executive Officer, Finance Manager or any other employee being present.
- d) At the request of the Committee a representative of the internal or external auditors shall attend meetings or any part thereof.
- e) At the request of the Committee any members of the senior management team shall attend meetings or any part thereof.

#### **5. Frequency of meetings**

- a) Meetings shall be held at least four times a year.
- b) Meetings may be called by the Board, the Chairman of the Board acting for the Board, by the Chairman of the Committee or by the internal or external auditors.

#### **6. Functions & Duties**

The function of the Committee is to oversee the financial governance, financial management and financial compliance of the Service.

##### **6.1 Review of financial planning**

The Committee will critically review and form an opinion on:

- a) The Annual Plan and Budget.
- b) Budget Revisions.
- c) Strategic Plans.

##### **6.2 Review of financial performance**

The Committee will receive and examine management accounts for the Service and any such additional information and schedules that they deem necessary in order to understand and monitor financial performance.

### 6.3 Review of financial policies

The Committee will seek to ensure that policies are in accordance with best practice and in line with the HSE's National Financial Regulations. In this regard it will:

- a) Review and input to draft Service finance policies.
- b) Sign-off on new policies and recommend their adoption by Board.

### 6.4 Review of banking arrangements

The Committee will periodically review the banking arrangements, including operation of company credit cards and fuel cards, of the Service. It will authorise any new banking arrangements.

### 6.5 Internal Audit

The Audit & Finance Committee are updated in relation to Internal Audit and the following areas are considered by the Committee.

- a) The Audit & Finance Committee review and monitor the adequacy of the annual internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within Carriglea Cáirde Services. Agree with the external auditor the nature and scope of the internal audit. Liaise with the Risk Committee in relation to the internal audit.
- b) To ensure that Internal Audit is accountable to the Audit & Finance Committee.
- c) To ensure that Internal Audit has due regard to value for money in its audits.
- d) To receive other reports (internal or external) on any topic(s) that the Audit & Finance Committee considers relevant to its work.
- e) To make recommendations to the Board concerning the appointment, re-appointment or dismissal of the internal auditors.
- f) To consider any questions regarding the fees, terms of appointment or resignation of the internal auditors.
- g) To review and monitor the internal auditors' independence, objectivity and the effectiveness of the audit process.
- h) To develop and implement a policy on the engagement of the internal auditor to supply non-audit services – and to report to the Board, identifying matters in respect of which the committee considers that action or improvement is needed, together with recommendations as to the steps to be taken.
- i) To discuss with the internal auditors before any audit commences the nature and scope of the audit. (May be informal contact)
- j) To review any management letters or reports from the internal auditors and management's response.

### 6.6 External Audit

- a) To make recommendations to the Board concerning the appointment, re-appointment or dismissal of the external auditors.
- b) To consider any questions regarding the fees, terms of appointment or resignation of the external auditors.
- c) To review and monitor the external auditors' independence, objectivity and the effectiveness of the audit process.
- d) Agree with the external auditor the nature and scope of the external audit.
- e) Review statutory accounts and audit reporting, focusing on significant adjustments arising from the audit. Reviewing major judgmental areas in the statutory accounts. Reviewing the going concern assumption, the compliance with accounting standards, and compliance with legal obligations. Reviewing the Service's statement on internal controls in the statutory accounts, prior to Board approval of these accounts
- f) To develop and implement a policy on the engagement of the external auditor to supply non-audit services – and to report to the Board, identifying matters in respect of which the committee considers that action or improvement is needed, together with recommendations as to the steps to be taken.
- g) To discuss with the external auditors before any audit commences the nature and scope of the audit. (May be informal contact)
- h) To review any management letters or reports from the external auditors and management's response.

#### 6.7 Services Users' Accounts and Private Property

- a) To review policy on Service Users' Accounts and Private Property.
- b) To review the segregation of duty and the effectiveness of the Client Ledger System.
- c) To review policy in conjunction with the Service's quality system on the constitution and management of Service Users' expenditure.

#### 6.8 Control Procedures

- a. Keep under review the company's internal control procedures and risk management systems.
- b. Reviewing authorised signatory levels, ensuring segregation of duty.
- c. To monitor and review the Service's purchasing policy.
- d. To monitor the skill mix quantum in the context of quality of service on both day and residential services whilst remaining within overall staff ceiling levels.
- e. To reflect that the Audit Committee must ensure that executive management maintains and promotes a control culture that enables compliance with best practice in corporate governance.
- f. The Audit & Finance Committee review of the Carriglea Cáirde Services' Fraud and Good Faith Reporting procedures.

- g. The Audit & Finance Committee receive reports, on a timely basis, of concerns raised under the Policy on Good Faith Reporting relating to fraud.
- h. The Audit & Finance Committee periodically review and, if necessary, propose changes to the Carriglea Code of Standards and Behaviour; Policy on Fraud and Policy on Good Faith Reporting.
- i. The Audit & Finance Committee is to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and related risks.
- j. The Audit & Finance Committee is to assess the qualification, expertise, resources, effectiveness and independence of the external auditors.
- k. The Audit & Finance Committee is to review the audit representation letters before consideration by the Board.
- l. The Audit & Finance Committee is to annually review its terms of reference and its own effectiveness and recommend any necessary changes to the Board.

#### 6.9 Management Information System

- a) The Audit & Finance Committee is to review and interrogate the Financial Report and Accounts.
- b) The Audit & Finance Committee is to review and interrogate the annual Budget in comparison to sector standards and the operation of the budgeting process. To review the effectiveness of the budgeting process.
- c) The Audit & Finance Committee is to review the effectiveness of the Services' value for money policy.
- d) The Audit & Finance Committee is to review the effectiveness of the Services' policy & procedures on asset protection. (Insurance, Asset Register, Physical Safeguards, Security, Stocktake).

#### 6.10 Statutory Compliance

- a) The Audit & Finance Committee is to monitor arrangements for and the achievement of compliance with the Services' statutory and other requirements including financial governance, financial reporting and public procurement obligations.
- b) The Audit & Finance Committee is to monitor and review significant accounting policies.

### 7 Reporting Procedures

- a) The minutes of the Audit & Finance Committee meetings shall normally be considered at the Board meeting following the Committee meeting.

- b) Where the Chairman of the Board considers this to be impractical the minutes shall be circulated to all members of the Board as soon as possible.
- c) The Chairman shall present an annual report to the Board summarising the committee's activities during the year and any related significant results and findings.