

2023

Charter of the Audit & Risk Committee

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Overall purposes/objectives

The Audit & Risk Committee is appointed by the Board to assist the Board in discharging its governance responsibilities. The Audit & Risk Committee shall oversee the financial reporting process to ensure the balance, transparency and integrity of financial information. The Audit & Risk Committee will also review:

- a) the effectiveness of IAASA's internal financial control and risk management systems;
- b) the effectiveness of the internal audit function; and
- c) the relationship with external audit.

Reference to the "Authority" shall mean the Irish Auditing and Accounting Supervisory Authority. Reference to the "Committee" shall mean the Audit & Risk Committee.

1. Authority

The Committee is authorised to:

- perform activities within the scope of its Charter;
- engage, at IAASA's expense, independent counsel and other advisers as it deems necessary to carry out its duties;
- invite officers or employees of IAASA to meetings of the Committee as appropriate;
- have unrestricted access to members of management, employees and relevant information;
- establish procedures for dealing with concerns of employees regarding accounting, internal control or auditing matters; and
- be directly responsible for the oversight of the work of the external auditor¹.

2. Membership

- 2.1. Members of the Committee will be appointed by the Board in consultation with the Chairperson of the Committee. The Chairperson of the Committee will be appointed by the Chairperson of the Board from among the Committee's lay membership.
- 2.2. In making appointments, the Board will take due cognisance of the broad range of skills and experience necessary to carry out the functions of the Committee².
- 2.3. The Committee will comprise at least three members.
- 2.4. The Committee may co-opt members from time to time to provide particular skills or specialist advice. Where costs are arising from such a co-option, these will be approved by the Chairperson of the Board in advance.
- 2.5. Neither the Authority's Chief Executive nor the Chairperson of the Board shall be members of the Committee.

¹ Section 927 of the Companies Act 2014 provides that the external auditor of the Authority is the Comptroller and Auditor General.

² Section 907(2A) of the Companies Act 2014 provides that all members of the Board shall be knowledgeable in areas relevant to the conduct of statutory audit. In this context, members of the Committee will ordinarily be drawn from the Board.

- 2.6. Each member of the Committee shall be financially literate and shall have skills and experience appropriate to IAASA's business.
- 2.7. At least one of the members of the Committee shall have recent and relevant financial experience.
- 2.8. Members of the Committee are appointed for a three year term of office. Save in exceptional circumstances, members shall serve no more than two terms.
- 2.9. In the event that a member of the Committee who is also a director of IAASA ceases to be a Director of IAASA during his or her term of office as a member of the Committee, membership of the Committee shall be deemed to have also ceased.
- 2.10. In the absence of the Committee Chairperson the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

- 3.1. The secretary of the Committee will be the secretary to IAASA or such other person as nominated by the Board.

4. Quorum

- 4.1. The quorum necessary for the transaction of business shall be two members.
- 4.2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meetings

- 5.1. Only Committee members, persons invited by the Committee to attend and, subject to section 5.10 below, the Secretary are entitled to attend meetings of the Committee. The Committee may invite such other persons (including the Chairperson of the Board, the Chief Executive, the Corporate Services Manager, the internal auditor, etc.) to attend all or part of its meetings as it deems necessary.
- 5.2. Committee members and/or other persons invited shall attend in person, or by prior agreement with the Committee Chairperson, via an appropriate video call link.
- 5.3. The Committee should meet four times per annum and, in any event, shall meet at least three times. Where the Committee considers that three meetings in any given year is sufficient to enable it to discharge its functions, the Committee shall record the basis for its conclusions in that regard.
- 5.4. Special meetings may be convened as required. The secretary shall convene a meeting on receipt of a request by the external or internal auditors.
- 5.5. The secretary shall circulate the agenda and supporting documentation to the Committee members at a reasonable period in advance of each meeting.
- 5.6. The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 5.7. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 5.8. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

- 5.9. The Chairperson of the Committee (or another member of the Committee) shall attend the Board meeting at which the financial statements are approved.
- 5.10. The Committee shall meet with the appropriate staff of the Office of the Comptroller & Auditor General at least once a year without management or employees of IAASA present.
- 5.11. The Chairperson of the Committee (or another member of the Committee) shall attend the Annual General Meeting prepared to respond to any questions on the Committee's activities.

6. Roles and Responsibilities

The Committee shall have the following roles and responsibilities:

6.1. Internal Controls and risk management systems

The Committee shall:

- 6.1.1. Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and management of risk.
- 6.1.2. Understand the internal controls systems implemented by management for the approval of transactions and the recording and processing of financial data.
- 6.1.3. Understand the controls and processes implemented by management to ensure that the financial statements derive from the underlying financial systems, comply with relevant standards and requirements and are subject to appropriate management review.
- 6.1.4. Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the internal and external auditors have been implemented by management.
- 6.1.5. Consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown or to protect against computer fraud or misuse.
- 6.1.6. Consider whether financial control, including the delegation structure, enables the Authority to achieve its objectives on a value for money basis and in compliance with the Public Spending Code;
- 6.1.7. Review, consider and where appropriate, suggest amendments to the Chief Risk Officer to the Register of Risks of IAASA as presented by him/her at each scheduled meeting
- 6.1.8. Receive, review and discuss reports from the Heads of Functions in IAASA on request on matters arising from the activities of the Functions which, by reference to the Register of Risks of IAASA, may give rise to a material financial or reputational risk for IAASA.
- 6.1.9. Report to the Board as considered appropriate on matters arising from the review performed under 6.1.8.
- 6.1.10. Review and recommend to the Board the statements to be included in the annual report concerning internal controls and risk management.

6.2. Financial Reporting

The Committee shall:

- 6.2.1. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.

- 6.2.2. Oversee the periodic financial reporting process implemented by management and review the financial statements. The Committee shall also review any financial information contained in certain other documents.
- 6.2.3. Following its review, the Committee shall recommend whether or not the statutory Financial Statements should be approved by the Board
- 6.2.4. Meet with management and external auditors to review the financial statements, the key accounting policies and judgements, and the results of the audit.
- 6.2.5. Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor.
- 6.2.6. Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about IAASA and the operations and lacks bias.

6.3. *Whistle-blowing*

- 6.3.1. The Committee shall periodically review the effectiveness and adequacy of the Authority's anti-fraud, anti-corruption and protected disclosure policies and staff awareness of them.
- 6.3.2. The Committee shall review the Authority's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters (including arrangements to allow proportionate and independent investigations of such matters);

6.4. *Compliance with laws, regulations and the Code of Practice for the Governance of State Bodies*

- 6.4.1. Review the effectiveness of the system for monitoring compliance with laws, regulations and Codes of Practice for the Governance of State Bodies and the results of management's investigation and follow-up of any fraudulent acts or non-compliance.
- 6.4.2. Obtain regular updates from management and IAASA's legal counsel regarding compliance matters that may have a material impact on IAASA's financial statements or compliance policies.
- 6.4.3. Consider and recommend to the Board, whether IAASA should adopt and report, on a voluntary basis, all or part of the Codes of Corporate Governance and related guidance, applicable from time to time, to companies with full listings on the Irish Stock Exchange.
- 6.4.4. Review and recommend to the Board any disclosures in the Annual Report in relation to Authority's compliance with the Code of Practice for the Governance of State Bodies and to the extent relevant, any voluntary disclosures in the Annual Report under the Codes of Corporate Governance and related guidance, applicable from time to time to companies with full listings on the Irish Stock Exchange.

6.5. *Internal Audit*

The Committee shall:

- 6.5.1. Approve the selection process for the appointment of internal auditors and, with the assistance of management, review and consider potential appointee(s) and recommend appointment to the Board.

- 6.5.2. Consider and recommend the remit of the internal audit function and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 6.5.3. Monitor and review the effectiveness of the internal audit function and ensure that it has appropriate standing within IAASA.
- 6.5.4. Review and assess the annual internal audit plan.
- 6.5.5. Review promptly all reports on IAASA from the internal auditor.
- 6.5.6. Ensure that significant findings and recommendations made by the internal auditor and management's proposed response are received, discussed and appropriately acted upon.
- 6.5.7. Meet the internal auditor at least once a year, without management being present, to discuss his or her remit and any issues arising from the internal audits carried out.

6.6. External Audit

The Committee shall:

- 6.6.1. Oversee the relationship with the external auditor (the Comptroller & Auditor General)
- 6.6.2. Review all significant reports received by the Board from the external auditors and management's responses thereto and to consider the implications of the issues raised.
- 6.6.3. In addition to the annual meeting at 5.10 above, meet separately with the external auditors if required to discuss any matters that the Committee or the auditors believe should be discussed privately and to ensure that the auditors have access to the Chairperson of the Committee when required.

6.7. Reporting Responsibilities

The Committee shall:

- 6.7.1. Regularly update the Board about Committee activities and make appropriate recommendations.
- 6.7.2. Make any recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.7.3. Within four months following the end of each financial year, the Committee shall formally report to the Board outlining its activities during the year together with such advice and recommendations as it may deem appropriate.

6.8. Ongoing Evaluation

The Committee shall:

- 6.8.1. Review the Committee Charter annually and discuss any required changes with the Board.
- 6.8.2. Review its own effectiveness annually and report the results to the Board.

6.9. Other Matters

The Committee shall:

- 6.9.1. Be responsible for the coordination of the internal and external auditors.
- 6.9.2. Be independent in the performance of its functions and the Committee and its members shall not be subject to the direction of any person in the performance of their duties.
- 6.9.3. Exercise an advisory role in relation to its duties and functions within the Board.

Martin Sisk
Chairperson
18 September 2023

Aisling McArdle
**Chairperson of the Audit
& Risk Committee**
18 September 2023



IAASA

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Supervisory Authority

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Willow House
Millennium Park
Naas, Co. Kildare
W91 C6KT
Ireland

Phone: +353 (0) 45 983 600
Email: info@iaasa.ie

www.iaasa.ie