

Title: Charter of Audit Committee – POL013 – V3		Page: 1 of 3
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GENERAL INFORMATION

Extract from the Code of Practice for the Governance of State Bodies

10. Audit Committee

The Board should have formal and transparent arrangements for both internal and external audit and for maintaining an appropriate relationship with the State body's auditors¹.

10.1 The Board is responsible for the body's system of internal control and should review annually the effectiveness of the body's system of internal controls, including financial, operational and compliance controls and risk management.

10.2 Each State body should have a properly constituted internal audit function or engage appropriate external expertise in this regard which should operate in accordance with the provisions set out below. Where the size or the risk to the body does not warrant a separate unit, access to such a unit should be put in place through a joint-venture or client arrangement with another body, or some other appropriate arrangement.

- The Board of any body with more than 20 employees should establish an Audit Committee of at least three (in the case of smaller State bodies two) independent non-executive Directors with written terms of reference which deal clearly with its authority and duties.
- The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.
- The Board Audit Committees of the commercial State bodies should only include non-executive Directors. If Chairpersons participate, the Board Audit Committees should be chaired by another Director.
- The Audit Committee should monitor and review the effectiveness of the State body's internal audit activities.
- The Board Audit Committees of State bodies should meet at least four times a year.
- The Board Audit Committee should have explicit authority to investigate any matters within its terms of reference; the resources which it needs to do so and full access to information. The Board Audit Committee should be able to obtain outside professional advice and, if necessary, invite outsiders with relevant experience to attend meetings. Any internal audit/audit items that relate to the Board's areas of responsibilities should be communicated to the Board as soon as they are identified.

¹ Application of a principle in the UK Financial Reporting Council's Combined Code on Corporate Governance, June 2008

- The Board Audit Committee should have a discussion with the external auditors at least once a year, without executive members of the Board or employees of the State body present, to ensure that there are no unresolved issues of concern.

ROLE

The primary responsibility for internal control in the organisation rests with the Director and management. The role of the Audit Committee is to assist the Director to fulfil his / her responsibilities by providing assurance to Council on the adequacy of the system of internal control. The Audit Committee reports to the Council.

MEMBERSHIP

Council will appoint the Audit Committee. There will be five members of the Audit Committee. There will be four members who will hold membership for four years commensurate with a council term,

- One external member who is qualified in accounting and auditing, who will Chair the Committee's meetings.
- A finance specialist with public sector health experience.
- 2 members of the Council.
- A staff member of PHECC on an annual rotating basis.

The Head of Corporate Services will be a non-voting ex-officio member of the Committee. The executive will provide support services.

The Committee will meet not less than two times a year.

AUTHORITY

The Committee has right of access to the Director;

- Has the right to receive information from management on significant control systems or accounting policies;
- Has the ability to seek advice from external consultants;
- Will receive a summary report of the work carried out by the Internal Auditor showing details of any significant internal control issues which have arisen from the Audits.
- May also comment on the resources available to internal audit.

The Committee shall not have any executive decision making powers or supervisory functions

DUTIES

The duties of the Committee shall be;

- To examine the adequacy of the nature, extent, and effectiveness of the accounting and internal control systems.
- To complement, enhance and support the internal audit function.
- To examine and monitor the appropriateness and adequacy of the Health and Safety regime established within the executive.
- To promote and review best practice in corporate governance, risk management, financial oversight and whistle blower provisions.

RELATIONSHIP WITH INTERNAL AUDIT

The reporting relationship of the Internal Auditor shall be to the Director and not to the Committee. The Internal Auditor is not to be a member of the Committee, but may attend Committee meetings. The Internal Auditor shall supply such information as the Committee requires, in order to carry out its functions.

RELATIONSHIP WITH THE EXTERNAL AUDITOR, THE COMPTROLLER AND AUDITOR GENERAL

The Committee may invite representatives from the office of the Comptroller and Auditor General to meet them to discuss matters of mutual interest. The Internal Auditor should attend these meetings.

REPORTING

The main focus of the Audit Committee shall be to reassure the Council (and the Director) on the system of internal control and monitor the risks or exposure of the Council on an on-going basis. A secondary focus will be on health and safety matters. The Audit Committee shall issue a report to the Council after each of its meetings and shall provide an Annual Report on its work in relation to the system of internal control.

Version History

Version	Date	Details
1	Apr 2005	Policy updated
2	Oct 2010	Policy updated
3	Mar 2013	Policy updated