

National Parents Council

Terms of Reference for the Audit, Finance and Risk Committee

1. Introduction

It is the responsibility of the Board to ensure that there is an appropriate internal audit function and governance procedure in place.

The Audit Committee is a key governance committee of the NPC, and, through its work aims to ensure that the Board is compliant with its governance obligations. This includes the ongoing implementation of effective control and governance compliance systems, the implementation of an appropriate risk management process, the commissioning of internal audit reviews and the fostering of professional relationships with the external auditor and the management of NPC.

Key elements of the role include, reviewing of the financial statements, reviewing and evaluating internal audit reports and reviews, following up the implementation of recommendations and presenting periodic reports to the board.

These terms of reference set out the specific responsibilities assigned by the Board to the Audit Committee and details the manner in which the Audit Committee will operate. The Audit Committee reports to the Board and its main objective is to assist the Board in fulfilling its functions by providing independent and timely advice to Board on areas within its remit.

2. Responsibilities

Effective review and monitoring of financial risks

- 2.1 To be constantly aware of the current areas of greatest financial risk and ensure management are effectively managing the risk.
- 2.2 To satisfy itself that effective systems of accounting and internal control, including computerised information systems are established and maintained to manage financial risk.
- 2.3 To satisfy itself as regards the integrity and prudence of management control systems, including the review of policies and /or practices.
- 2.4 To ensure that the Board is aware of any matters that might have a significant impact on the financial condition or affairs of the organisation

Reliable management and financial reporting

- 2.5 To review and assess the adequacy of management reporting to the Board in terms of the quantity, quality and timing of information necessary to understand and report internally and externally on the risks, operations and financial condition.
- 2.6 To review the annual financial statements and any other financial information before the submission to the Board.

Compliance with laws and regulations

- 2.7 To monitor developments and changes in the law relating to the responsibilities and liabilities of the company and to monitor and review the extent to which the NPC is meeting its obligations.

Maintenance of an effective and efficient audit

- 2.8 To recommend to the Board the appointment of the external auditors.
- 2.9 To review the efficiency and effectiveness of the external auditors in relation to their responsibilities.
- 2.10 To ensure there have been no unjustified restrictions or limitations placed on the auditors.
- 2.11 To ensure that the scope of the audit is adequate, ensuring emphasis is placed on areas where the Audit Committee, management or the auditors believe special emphasis is necessary.
- 2.12 To review the findings of the auditors and the action taken and timetable proposed by management in response to the findings.

Internal Controls

- 2.13 Initiate any special projects or investigations deemed necessary by the Board.
- 2.14 Monitor management's implementation of audit recommendations.

Risk Management

- 2.15 To review the process and structure for the identification, assessment and control of risks affecting NPC.
- 2.16 Annually approve the risk management plan and risk register.
- 2.17 Report to the board on matters relating to the organisations process for risk management and management action to mitigate risk.

Other responsibilities

- 2.18 To report any matter identified during the course of carrying out its duties that the Audit committee considers should be brought to the attention of the Board.
- 2.19 To ensure that there are arrangements by which staff of the organisation may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- 2.20 To perform or undertake on behalf of the Board any such other tasks or actions as the Board may from time to time authorise.

3. Membership and Meetings

- 3.1 The Audit committee will consist of not more than 4 Board members appointed by the board of which one will be appointed chair.
- 3.2 The NPC Chairperson is de-facto a member of all Board committees and will be considered a member of the committee should he/she be in attendance

- 3.3 Additional persons may be co-opted to the Audit committee, subject to prior approval by the Board.
- 3.4 The chair of the Audit Committee will be appointed by the board, and must be a Board member.
- 3.5 The CEO shall be in attendance at meetings, except in a situation where there is a conflict of interest.
- 3.6 Until otherwise determined by the board, a quorum shall consist of 3 members of the committee who are Board members.
- 3.7 The Committee shall meet on at least three occasions per annum:
- prior to the external audit, to approve the audit plan
 - prior to the issuance of the audited accounts to the Board
 - During the year to discuss internal controls.
- 3.8 The Chair of the Audit Committee shall report to each Board meeting on the on-going work and recommendations of the Audit committee.

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