

Office of the Ombudsman

AUDIT COMMITTEE CHARTER

Effective Date: 1/1/2016

1. INTRODUCTION:

This document sets out the Charter and Terms of Reference of the Audit Committee. The remit of the Committee includes the Office of the Ombudsman, the Office of the Information Commissioner, the Office of the Commissioner for Environmental Information, the Office of the Commission for Public Service Appointments, and the secretariat for the Standards in Public Office Commission and the Referendum Commission. Henceforth in this document, the term *Office of the Ombudsman* will include the secretariats to all the different statutory functions.

2. PURPOSE :

The Audit Committee is part of the organisation's control environment. It is tasked with providing independent advice to the Accounting Officer regarding the suitability and robustness of the organisation's internal control systems and procedures, including the operations and development of the internal audit function, the business control and risk management environment and the relationship with external audit.

The Audit Committee is not responsible for any executive function and is not vested with any executive power.

3. AUTHORITY AND INDEPENDENCE

- 3.1 The Audit Committee is appointed to provide independent advice to the Accounting Officer and is responsible to him/her for its performance in this regard.
- 3.2 The Audit Committee Charter is agreed between the Accounting Officer and the Audit Committee.
- 3.3 The Audit Committee shall 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.
- 3.4 The Audit Committee is authorised to seek such information or documents, which, in the Committee's opinion are relevant to matters falling within its terms of reference.
- 3.5 The members shall be fully briefed and kept up to date on any significant matter relating to their role and duties.
- 3.6 The Committee may, in consultation with the Accounting Officer, obtain outside legal or other independent professional advice and secure the attendance at Committee meetings of outsiders with relevant experience and expertise if it considers this to be essential.

4. MEMBERSHIP:

- 4.1 The Audit Committee will consist of not less than four ordinary members.
- 4.2 Each Committee member will be independent and possess the necessary skills for the role.
- 4.3 The Accounting Officer will appoint the Chairperson and members of the Audit Committee. The Chairperson of the Committee should come from outside the organisation, and has right of access to the Accounting Officer. At least two additional members of the Committee will be external to the organisation. Members of the Committee will receive appropriate induction on appointment.
- 4.4 Members may serve up to three years, with the option to extend by up to three years.
- 4.5 A statement of members' interests will be prepared on an annual basis. Where a conflict of interest arises in the course of the work of the Audit Committee, the member will bring this to the attention of the Chairperson and, where necessary, leave the room for the duration of the discussion and not take part in any decisions relating to the discussion. A note to this effect will be included in the minutes of the meeting.
- 4.6 An Audit Committee member may resign by letter addressed to the Accounting Officer.

5. MEETINGS:

- 5.1 To facilitate regular engagement with the organisation, the Audit Committee will meet at least quarterly, with the authority to convene additional meetings as circumstances require.
- 5.2 All committee members are expected to attend each meeting, either in person or by teleconference. A quorum of three shall be required for each meeting and in the absence of the Chairperson, an external member of the Committee will be selected to act as Chair for the meeting.
- 5.3 The External Advisor will normally attend all meetings of the Audit Committee.
- 5.4 Decisions will normally be arrived at by consensus. However, in the event of a vote being required, a simple majority will carry the issue. In the event of an equality of votes, the Chairperson will have a casting vote.
- 5.5 The Internal Auditor will normally attend meetings of the Audit Committee.
- 5.6 Members of management shall attend meetings and provide information, as necessary, when invited by the Audit Committee.
- 5.7 The Audit Committee may meet in the absence of management, management representatives on Audit Committee, Internal or External auditors.
- 5.8 The Audit Committee (or at least the Chairperson) will meet with the Accounting Officer at minimum annually.

- 5.9 The Committee may invite representatives from other relevant bodies e.g. the Office of the C&AG, to attend meetings to discuss issues of relevance to the Committee and its work.
- 5.10 Meeting agendas will be prepared and approved by the Chairperson. Any committee member may request the inclusion of relevant matters on the agenda. The agenda and supporting papers shall be provided at least seven days in advance to members.
- 5.11 Minutes will be approved by the Chairperson and circulated to the Committee members as soon as possible after the meeting. Draft minutes will normally be circulated to the Accounting Officer and Management Team within ten working days of the date of the meeting.
- 5.12 Appropriate records of the work of the Audit Committee will be maintained.

6. FUNCTIONS

The Audit Committee will carry out the following functions:

6.1 Internal Control

- Advise on the organisation's internal control systems, including information technology security and control
- Approve the Charter for Internal Audit which clearly defines its purpose, authority, role, responsibilities and reporting relationships
- Review the draft internal audit plan, and monitor its implementation
- Obtain and review internal audit reports, significant findings and recommendations together with management responses
- Request special reports from the Internal Auditor as considered appropriate
- Monitor management's implementation of audit recommendations from internal audit, external audit and other sources
- Communicate with the Accounting Officer on any matter pertaining to internal audit as the Committee considers appropriate and necessary, including its overall effectiveness, resources, training, use of technology, etc.
- Communicate with the Accounting Officer in relation to any significant shortfalls in the business control environment that come to the attention of and are of concern to the Audit Committee
- Consider any report from the Internal Auditor arising from the comments or findings of the C&AG on the Appropriation Accounts or any other C&AG report
- Foster the development of best practice in the Internal Audit function

6.2 Governance and Risk Management

- Advise on the systems of control underlying the risk management framework and processes, including:
 - receiving feedback from the Internal Auditor and External Auditor and the organisation's management on the effectiveness of the risk management process;and

- taking such feedback into account for input into the priorities of the Internal Audit Unit work programme
- To communicate with the Accounting Officer in relation to significant shortfalls in the risk management environment that come to the attention of and are of concern to the Audit Committee
- To raise the level of awareness of financial and other risks to the organisation's business

6.3 Internal Audit

- Review assessments of the internal audit function, including compliance with the Internal Audit Standards
- Review with the Internal Auditor, and as necessary discuss with management, the Internal Audit Unit's charter, audit plans, activities, staffing, and organisational status
- Receive progress reports on the audit plan assignments
- Raise any concerns, if they arise, with Accounting Officer regarding the independence of the Internal Audit function
- On a regular basis, meet separately with the Internal Auditor to discuss any matters that the Audit Committee or Internal Auditor believe should be discussed privately

6.4 External Audit

- On at least an annual basis, meet with the nominee of the Comptroller and Auditor General
- Review the Internal Audit working relationship and liaison with the nominee of the Comptroller and Auditor General to ensure co-operation, avoidance of duplication and potential gaps in audit coverage
- Review the external audit management letter and the organisational response

6.5 Financial Management

- Advise on the systems of control underlying the financial management processes, including:
 - Reviewing the results of the external audit; and
 - Reviewing the procedures and practices associated with financial management and budgeting

6.6 Reporting Functions

- Regularly report to the Accounting Officer about audit committee activities, issues, and related recommendations by:
 - circulating to the Accounting Officer and the Management Team the agreed minutes of audit committee meetings as a matter of normal practice
 - submitting an annual report within three months following year end to the Accounting Officer of the activities of the Audit Committee; and
 - Availing of the Chairperson's right of access to the Accounting Officer
- Provide an open avenue of communication between Internal Audit, the Office of the Comptroller and Auditor General, and the Accounting Officer
- Provide such advice and recommendations to the Accounting Officer as the Audit Committee deems appropriate

6.7 Other Functions

- Perform other activities related to the charter as requested by the Accounting Officer
- Review and assess the adequacy of the written charter at regular intervals, at a minimum every two years, and request Accounting Officer approval for proposed changes
- Confirm annually that all functions outlined in the written charter have been carried out
- Evaluate the audit committee's performance annually
- Review the evaluation of conformance with the IIA Standards which is required periodically under Standard 1300

7. ANNUAL REPORT

An annual report reviewing the Audit Committee's operations should be prepared for the Accounting Officer and submitted within 3 months following year end. This report will include

- an assessment on the work of the Internal Audit Unit
- the supports provided to the Audit Committee
- a self-assessment of the Audit Committee's own effectiveness
- confirmation that a review of this written charter has been completed at a frequency agreed between Accounting Officer and Chairperson

The Audit Committee will follow up on any recommendations from the Accounting Officer arising from this report, or in the course of other interactions.

8. PROTECTED DISCLOSURES

The role of the Audit Committee in relation to protected disclosures is agreed with the Accounting Officer, in line with organisational policy and any relevant guidelines. In the event that the Audit Committee receives a protected disclosure, the Audit Committee will refer the protected disclosures made to it to the relevant area in line with organisational policy.

This Charter will be reviewed annually and may be amended or updated in consultation between the Audit Committee and the Accounting Officer