



# Broadcasting Authority of Ireland

## Terms of Reference

### For the BAI Finance, Audit and Risk Committee

March 2016

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#### 1. Constitution

The Authority hereby resolves to establish an oversight committee of the Authority known as the Finance, Audit and Risk Committee.

#### 2. Membership

- 2.1 The Committee members shall be appointed by the Authority, in consultation with the Authority's Accounting Officer, and shall consist of not less than three (3) independent non-executive members, to include at least one (1) external member. An independent non-executive member is a member of the Authority who does not form part of the executive management team.
- 2.2 At least one (1) member shall have recent and relevant financial experience.
- 2.3 A quorum shall be two (2) members.
- 2.4 The Chairperson of the Authority and the Authority's Accounting Officer shall nominate the Chairperson of the Finance, Audit and Risk Committee. In the absence of the Chairperson of the Committee, the other Members present shall choose one of their numbers to chair the meeting.
- 2.5 Members may serve up to two (2) years, with the option to extend by up to one (1) year.
- 2.6 A statement of member's interests shall be completed by each Committee member on an annual basis and shall be updated more frequently as appropriate.
- 2.7 Where a conflict of interest arises in the course of the work of the Finance, Audit and Risk Committee, a member shall bring this to the attention of the Chairperson of the Finance Audit and Risk Committee and, as appropriate, shall not receive the relevant papers and/or shall leave the meeting for the duration of the discussion and shall not take part in any decision relating to the matter. A note to this effect shall be included in the minutes of the meeting.
- 2.8 The role requirements shall be clearly communicated to potential members at the outset including time commitments and an indication of the frequency of meetings.

## **Terms of Reference**

### **For the BAI Finance, Audit and Risk Committee (continued)**

#### **3. Attendance at Meetings**

- 3.1** All Finance, Audit and Risk Committee members are expected to attend each meeting.
- 3.2** The Chief Executive and/or the Deputy Chief Executive shall attend these meetings and is, therefore, in a position to brief the Chairperson and/or the Authority on any relevant matters, as they arise.
- 3.3** Representatives from the Authority's Finance Unit shall attend the meetings.
- 3.4** A representative of internal audit and/or external audit may be requested to attend as appropriate.
- 3.5** Other members of the Authority shall have the right of attendance, or the obligation to attend, if their presence is requested.
- 3.6** The Chief Executive shall appoint a member of the BAI Executive to act as Secretary to the Committee from time to time.
- 3.7** The Chairperson of the Finance, Audit and Risk Committee shall have right of access to the Accounting Officer (Chief Executive). The Finance, Audit and Risk Committee (or at least the Chairperson) must meet with the Accounting Officer (Chief Executive) annually if the Accounting Officer does not attend Finance, Audit and Risk Committee meetings.
- 3.8** Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials.
- 3.9** Minutes shall be prepared and circulated to the members of the Finance, Audit and Risk Committee and to the Accounting Officer (Chief Executive) within fifteen (15) working days of the date of the meeting.
- 3.10** Appropriate records of the work of the Finance, Audit and Risk Committee shall be maintained.

#### **4. Frequency of Meetings**

- 4.1** Meetings shall be held not less than four (4) times a year. The external and/or internal auditors may request a meeting if they consider one is necessary.

#### **5. Induction, Training and Development**

- 5.1** A formal induction process shall be provided for all new members appointed to the Finance, Audit and Risk Committee.
- 5.2** The Finance, Audit and Risk Committee, through its Chairperson, can make recommendations to the Authority on the training needs of the Committee and/or an individual member.
- 5.3** The Finance, Audit and Risk Committee shall keep up to date with best practice and developments in corporate governance.

## **Terms of Reference**

### **For the BAI Finance, Audit and Risk Committee (continued)**

#### **6. Authority**

- 6.1** The Finance, Audit and Risk Committee is authorised by the Authority to investigate any activity within its Terms of Reference.
- 6.2** The Finance, Audit and Risk Committee is authorised to seek any information it requires from any staff member of the BAI. BAI staff members are directed to cooperate with any request made by the Committee.
- 6.3** The Finance, Audit and Risk Committee is authorised by the Authority to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it so necessary.

#### **7. Responsibilities and duties with regard to the System of Internal Control , External Audit and Internal Audit**

- 7.1** With regard to the BAI's external auditor –the Comptroller and Auditor General (“C&AG”) - the duties of the Finance, Audit and Risk Committee shall be to:
  - (i)** Discuss (if required) with the C&AG before the audit commences the nature and scope of the audit. The discussion should specifically focus on:
    - changes in accounting policy
    - major judgmental areas
    - compliance with accounting standards
    - compliance with legal requirements
  - (ii)** Discuss problems and reservations arising from the final audit and any matters the C&AG may wish to discuss, specifically on:
    - significant adjustments resulting from the audit
    - the going concern assumption
  - (iii)** Meet with the C&AG without any members of BAI's management present to ensure that there are no unresolved issues of concern
  - (iv)** Review the management letter prepared by the C&AG and the response of management
  - (v)** Regularly request the views of the external auditor on the effectiveness of the Committee.

## Terms of Reference

### For the BAI Finance, Audit and Risk Committee (continued)

- 7.2 With regard to the internal control systems and the role of the internal auditor, the duties of the Finance, Audit and Risk Committee shall be to:
- (i) Prepare an annual report reviewing the Finance, Audit and Risk Committee's operations for the Chairperson of the Authority and the Authority's Accounting Officer which should be submitted within three (3) months following the year end. This report shall include an assessment of the work of Internal Audit, the supports provided to the Finance, Audit and Risk Committee and a self-assessment of the Finance, Audit and Risk Committee's own effectiveness.
  - (ii) Include confirmation in its annual report that a review of the Committee's Terms of Reference has been completed at a frequency agreed between the Chairperson of the Authority and the Authority's Accounting Officer.
  - (iii) Follow up on any recommendations from the Chairperson of the Authority and the Authority's Accounting Officer arising from the above report, or in the course of other interactions.
  - (iv) Review and make appropriate recommendations on the Authority's Statement on Internal Financial Control prior to endorsement by the Authority.
  - (v) Advise on the Authority's internal control systems. Provide opinion as to whether the system of internal control has operated effectively through the reporting period.
  - (vi) Consider whether the Statement on Internal Financial Control is sufficiently comprehensive and meaningful.
  - (vii) Consider whether the system of internal reporting gives early warning of control failures and emerging risks.
  - (viii) Monitor, comment on, approve and review assessments of the internal audit function, including compliance with the Internal Audit Standards, approve the Internal Audit Charter and appoint Internal Auditors through competitive tendering.
  - (ix) Monitor and review the effectiveness of the internal audit programme, to oversee the coordination between the internal auditor and the C&AG, to monitor the adequacy of the resourcing of the internal audit function and to ensure that it has an appropriate standing within the Authority.
  - (x) Monitor management's implementation of audit recommendations from internal audit, external audit and other sources.
  - (xi) Communicate proactively with the internal auditor to ensure that:
    - the scope of the internal audit function is reviewed annually
    - the timing of communications is clearly defined
    - key issues are appropriately prioritised and
    - the internal auditor's views are expressed to the Committee on the qualitative aspects of the Authority's accounting practices and statements.

## Terms of Reference

### For the BAI Finance, Audit and Risk Committee (continued)

- (xii) Consider the major findings of internal investigations and management's response and to be satisfied as to the appropriate action being taken.
  - (xiii) Receive progress reports on the audit plan assignments.
  - (xiv) Raise any concerns with the Accounting Officer regarding the independence of the Internal Auditor.
  - (xv) Assess the service provided by the Internal Auditor, on a regular basis.
- 7.3 The Committee shall consider other topics as appropriate including implementation of special projects and urgent financial issues arising from the financial reports of the BAI.
- 7.4 The Committee shall consider the effectiveness of anti-fraud and anti-corruption policies and staff awareness of such policies.
- 7.5 The Committee shall consider the adequacy of whistle-blowing arrangements.
- 7.6 The Committee may also have a role in other audits conducted in the BAI such as the Broadcasting Funding Scheme, Sectoral Development etc.
- 7.7 The Committee decides whether matters brought before it should be escalated to the level of the Authority for review, consideration and/or decision.

### 8. Responsibilities and Duties with regard to Risk Management

The duties of the Committee shall be to:

- 8.1 Monitor and evaluate, with their advisors, exposures including, but not limited to, strategic, operational, financial, reputational, governance and other risks.
- 8.2 Review the Authority's Risk Management Policy and how the Authority facilitates the communication of perceived risks internally.
- 8.3 Review the implementation of the Authority's Risk Management Policy.
- 8.4 Consider the adequacy of resources to implement the BAI's risk policy, and risk management activities and processes.
- 8.5 Continuously monitor adequacy of overall risk strategy.
- 8.6 Review the Risk Register.
- 8.7 Receive feedback from BAI management on the effectiveness of the risk management process.
- 8.8 Take feedback into account for input into the priorities of the Internal Audit work programme.
- 8.9 Consider issues raised or reports produced by the Chief Risk Officer who shall have access to the FAR at all times.

## **Terms of Reference**

### **For the BAI Finance, Audit and Risk Committee (continued)**

#### **9. Responsibilities and Duties with regard to BAI and BF Financial Statements**

The duties of the Committee shall be to:

- 9.1** Review first draft of the BAI and BF annual statutory financial statements before the external auditor commences the audit.
- 9.2** Consider, prior to the financial statements being signed off by the Authority:
  - That the accounting policies in place comply with relevant requirements;
  - That there has been a robust process in preparing the financial statements to ensure completeness and that appropriate processes are in place to ensure accurate accounting records are maintained;
  - That there is an appropriate anti-fraud policy in place, and whether losses are properly recorded and accounted for;
  - That suitable processes are in place to ensure regularity, probity and propriety are achieved;
  - That issues previously raised by the external auditors have been given the appropriate attention.
- 9.3** Consider whether the financial statements present fairly the financial position of the Authority.
- 9.4** Review the letter of representation before issue, paying particular attention to non-standard issues of representation.
- 9.5** Provide advice and make recommendations to the Authority as it considers appropriate on any matter falling within its remit.

**Terms of Reference**  
**For the BAI Finance, Audit and Risk Committee (continued)**

**10. Performance Management and Reporting Procedures**

- 10.1** The Finance Audit and Risk Committee shall brief the Authority not less than four (4) times a year.
- 10.2** The Secretary of the Finance, Audit and Risk Committee shall circulate the approved minutes of meetings of the Committee to the Authority's Accounting Officer and all members of the Authority.
- 10.3** The Finance Audit and Risk Committee shall provide an open avenue of communication between Internal Audit, the C&AG and the Accounting Officer.

**11. Self Assessment**

- 11.1** The Finance Audit and Risk Committee shall review its own effectiveness on a regular basis.
- 11.2** A report on this review must be furnished to the Authority and to the Authority's Accounting Officer.

**12. General**

- 12.1** The Terms of Reference shall be reviewed and assessed for adequacy each year by the Authority.
- 12.2** Any request to approve any proposed change to the Terms of Reference shall be made to the Authority.
- 12.3** The Finance Audit and Risk Committee shall confirm annually that all its functions outlined in the written Terms of Reference have been carried out.

Appendix 2

## Broadcasting Authority of Ireland

### STATEMENT OF INTERESTS

For the Finance Audit and Risk Committee

For year ended XXXX

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<b>Person/ Organisation</b>	<b>Nature of relationship and nature of conflict of interest</b>

**Name:**

**Position:**

**Signed:**

**Date:**