**Athletics NI**

**Audit & Risk Committee**

**Terms of Reference**

**1. General**

1.1 The Audit & Risk Committee (ARC) is a committee of the Board of Athletics Northern Ireland and shall report to the Board.

**2. Purpose**

The Audit & Risk Committee is responsible for the oversight of reputational and actual risk to the organisation.

**3. Membership/Composition**

3.1 Up to 5 members membership shall be appointed by the Board.

3.1.1 Board members who are not members of the Committee may attend meetings where relevant after first liaising with the Committee Chair.

3.1.2 The Chair of the Committee shall be appointed by members at the first meeting of ARC.

3.1.3 The Chair of the Committee will have a background/experience in audit and/or risk in order to effectively fulfil the role of Chair.

3.1.4 The Chair of the Board of Directors will not Chair FRC committee.

3.1.5 An audit of the skill set of committee members will be undertaken at least annually by the Chair to ensure that the membership of the committee is appropriate and effective.

**4. Meetings**

4.1 Meetings shall be held at least once per quarter and ideally every two months, where appropriate, will coincide with key dates in the organisation’s financial reporting cycle.

4.2 The Committee shall meet with the external auditor at least once a year without the presence of management.

4.3 The Finance Manager / CEO shall attend meetings at the invitation of the Committee. Other members of management may also be invited to attend meetings. There may be occasions when non-executive staff may be asked to leave meetings.

**5. Responsibilities/ Main Functions**

The Committee is authorised by the Board to investigate any activity within these terms of reference and, within its scope of responsibilities, to seek any information it requires and to ensure the attendance of management representatives at meetings as appropriate.

The ARC shall be responsible for:

1. **Financial Reporting**

* To review the organisation’s proposed budget in advance of each financial year and report its opinion to the Board prior to the budget being signed off.
* To monitor the integrity of the financial statements of the organisation, including quarterly reports on the organisation’s financial performance.
* To consider matters in relation to remuneration and expenses taking into account the company’s human resource policies and operations and have the responsibility for approving, on behalf of the Board, the remuneration / pay policy for members of staff.

1. **External Audit**
2. to assess annually the qualification, expertise and resources, and independence of the external auditor;
3. to assess annually the effectiveness of the audit process;
4. to review with management the audit fee and audit engagement letter and to ensure that the provision of non‑audit services does not impair the external auditor’s independence or objectivity;
5. to make appropriate recommendations, if considered necessary, to the designated members regarding the continuation of the external auditor, to oversee the selection process for new auditors and, if an auditor resigns, to investigate the issues leading to this and decide whether any action is required;
6. to review the external auditor’s management letter and management’s response;
7. **Internal Controls**
8. to review the effectiveness of the organisation’s financial internal control framework,
9. to consider management’s response to any recommendations made by the external auditor and review with the external auditor any fraudulent or illegal acts, deficiencies in internal control or other similar issue, including reviewing the results of management’s investigation and follow up of any fraudulent acts.
10. **Risk and Risk Management**
11. to consider the organisation’s strategic risk register at each meeting and make recommendations to the Board regarding the risk framework and risk management activity
12. to consider the risks and benefits of any significant contracts being considered by the organisation and report to the Board to assist decision making.
13. to review tax compliance
14. to review the adequacy of the organisation’s arrangements for its employees or contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters
15. to review the organisation’s procedures concerning the prevention and detection of fraud and financial crime
16. to review the organisation’s arrangements for regulatory compliance and consider any material findings from regulatory reviews
17. **Annual Financial Statements**
18. to review, and challenge where necessary, the actions and judgements of management in relation to the annual financial statements, paying particular attention to:
    * critical accounting policies and practices, and any changes in them
    * decisions requiring a major element of judgement
    * the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed

**6. Governance**

The minutes of meetings of the Committee shall be circulated to all members of the Board.

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

**7. Conflicts of Interest**

Any committee member who becomes aware of a potential conflict of interest relating to matters to be discussed by the Audit & Risk Committee must give prior notification to the Chair. If this is not possible, or if the conflict only becomes apparent at the meeting, they should declare this at the meeting and, where necessary, withdraw during discussion of the relevant agenda item. The relevant committee member may not vote on any matter in respect of which they have a declared conflict of interest.

1. **Review**

These Terms of Reference shall be reviewed annually by the Board and may only be amended by the Board.