

## **Leitrim Development Company**

### **Audit Committee**

#### **Terms of Reference**

##### **Role of Audit Committee**

The Audit Committee shall advise the Board in relation to the financial reporting process, the adequacy and effectiveness of internal control, and all key areas of risk arising from the activities for which LDC is responsible.

The Audit Committee shall also:

- Monitor the integrity of the LDC's externally audited annual financial statements and review significant reporting judgements contained within them.
- Advise whether or not to approve the accounts.
- Advise, as appropriate, on corporate governance issues.

The advice of the Audit Committee shall be provided to the Executive Committee (and to the Board).

At the discretion of the Chairperson, and subject to budgetary approval, the Audit Committee may engage external advisors to assist it in fulfilling its role.

##### **Composition of Audit Committee**

The Audit Committee shall consist of a maximum of five persons, at least one of whom shall be qualified and/or experienced in financial affairs and not a member of the company. The chairperson of the Audit Committee shall be appointed by the Board. The chairperson shall hold office for three years and be eligible for re-appointment. The Company Secretary shall be a member of the Audit Committee ex officio, and shall act as secretary to the Audit Committee. The names of any co-opted members shall be reported to the Board. Members, and any co-opted members, shall hold office for a maximum of three years and be eligible for further appointment or co-option.

A quorum of the Committee shall be three members.

##### **Responsibilities of the Audit Committee**

###### **Financial Reporting**

1. To review LDC's financial statements, before submission to, and

approval by the Board.

2. To determine whether the financial statements have been prepared following appropriate accounting standards.

3. To make a recommendation to Board as to whether to approve the financial statements.

#### **Internal control and risk management**

4. To review the Board 's procedures for detecting fraud and waste, and ensure that arrangements are in place by which staff may, in confidence, raise concerns about matters of financial reporting, financial control or any other related matters;

5. To review reports of management and the internal auditor on the effectiveness of the systems for internal financial control, financial reporting and risk management;

6. To review the arrangements for maintaining books of account and to assess, on an annual basis, whether in the committee's opinion, proper books have been maintained in the manner required by law;

7. To monitor the integrity of the Board's internal financial controls;

8. To review any statement in the annual report and accounts on the Board's internal controls and risk management framework;

9. To assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks including the security of the assets of LDC.

#### **Internal Audit**

10. To receive a report on the results of the internal auditors' work.

11. To review and monitor management's response to the internal auditor's findings and recommendations.

#### **External Audit**

12. To oversee LDC's relations with the external auditor

13. At the AGM, the Audit Committee shall advise the Board on the appointment of a firm of accountants to assist LDC in the preparation of the accounts.

#### **Other Responsibilities**

14. Advise (Board and) the Executive Committee on governance issues as appropriate.

15. Approve changes in accounting policies.

16. Review procurement procedures.

17. Review compliance with the Governance Code.

18. Review policies and procedures in relation to the acquisition and disposal of fixed assets and investments.

19. Review the banking arrangements of LDC.

20. Advise the Executive Committee (and Board) on policy and procedures and other initiatives in relation to value for money.

21. To consider other topics, as defined by the Executive Committee or Board.

#### **Reporting to the Executive Committee (and Board) of LDC.**

1. The secretary shall circulate the minutes of meetings of the Committee to all members of Executive Committee (and Board).

2. The Audit Committee shall annually review its terms of reference and its own effectiveness and recommend any changes.

3. The Audit Committee will complete a review on the effectiveness of the system of internal financial controls, each year, and report on this review to the Executive Committee.

4. The Audit Committee shall report to the Executive Committee (and Board) on its role and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the annual report and accounts.

5. The Committee shall report in writing to the Executive Committee (and Board), as appropriate, on all other matters arising from these terms of reference.

