



Comhairle Cathrach
& Contae **Luimnigh**
Limerick City
& County Council

Seirbhísí Corparáideacha,
Comhairle Cathrach agus Contae Luimnigh,
Ceanncheathrú Chorporáideach,
Cé na gCeannaithe,
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24th March 2025

To: The Mayor, Príomh Chomhairleoir and Each Member of Limerick City and County Council

AUDIT AND RISK COMMITTEE CHARTER AND TERMS OF REFERENCE

A Comhairleoir, a chara,

Section 8 (1) of the Local Government (Audit Committee) Regulations, 2014, sets out that the Audit Committee shall operate in accordance with a written Charter that shall be adopted by the Local Authority, with or without amendment.

I attach, therefore, for your consideration and adoption, copy of the draft Audit and Risk Committee Charter and Terms of Reference for Limerick City and County Council Audit Committee, as agreed by the Audit and Risk Committee at a meeting held on 26th February 2025.

Is mise le meas,

Ciara Farrell
Senior Executive Officer
Corporate Services



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Limerick City
& County Council

**AUDIT AND RISK COMMITTEE CHARTER
AND
TERMS OF REFERENCE**

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AUDIT AND RISK COMMITTEE CHARTER AND TERMS OF REFERENCE

Purpose

The purpose of the Audit and Risk Committee is to provide a structured, systematic oversight of Limerick City & County Council's (LCCC) governance, risk management, and internal control practices. The Committee assists management by providing advice and guidance on the adequacy of LCCC's initiatives for:

- Values and ethics.
- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors, and other providers of assurance.
- Financial statements and public accountability reporting.

In broad terms, the Audit and Risk Committee reviews each of the items noted above and provides independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Mandate

The mandate for the establishment of the Audit and Risk Committee was derived from in Section 59 of the 2014 Local Government Act, which states "a local authority shall establish a committee, to be known as an Audit and Risk Committee, within 3 months of the polling day for the election of the incoming members of the local authority".

The statutory functions of an Audit and Risk Committee as set out in the Local Government Reform Act 2014 are as follows:

- a) to review financial and budgetary reporting practices and procedures within the local authority that has established it,
 - This will incorporate a review and consideration of all aspects of the financial cycle within Limerick City & County Council from budget preparation and adoption, monitoring of income and expenditures through to the completion of the annual financial statements.
 - The Audit and Risk Committee may request reviews of financial management and reporting arrangements in addition to auditing existing financial policies, procedures, controls and protocols as it considers necessary

- b) to foster the development of best practice in the performance by the local authority of its internal audit function

To fulfil this function, the Audit and Risk Committee will:

- Review with management and the internal auditor the charter, activities, staffing and organisational structure of the internal audit function, its compliance with relevant professional standards and bring any recommendations to the attention of the Chief Executive. In this regard, the Committee should ensure that no limitations are placed on the work of the internal audit unit.
- Approve the audit plan and monitor its implementation
- Review audit reports, findings and recommendations and management responses
- Review, on an ongoing basis, the audit engagement process

- c) to review any audited financial statement, auditor's report or auditor's special report in relation to the local authority and assess any actions taken within that authority by its chief executive in response to such a statement or report and to report to that authority on its findings

To fulfil this function, the Audit and Risk Committee will:

- Review with management and the external auditors the results of the statutory audit
- Review with management and the external auditors the management letter and all matters required to be communicated to the committee under generally accepted auditing standards
- Report to Council on its findings at the next practicable meeting of Council

- d) to assess and promote efficiency and value for money with respect to the local authority's performance of its functions, and

To fulfil this function, the Audit and Risk Committee will:

- Review management's arrangements to ensure and demonstrate economy, efficiency and effectiveness across the organisation.
- Request special reports from management or internal audit as considered appropriate

- e) to review systems that are operated by the local authority for the management of risks.

To fulfil this function, the Audit and Risk Committee will:

- Evaluate the scope and effectiveness of the framework established by management to identify, assess, monitor and effectively manage risk

- Review the corporate risk management policy and receive presentations from management on corporate, directorate, divisional and sectional risk registers

The Audit and Risk Committee will also review the findings and recommendations of the National Oversight and Audit Commission (NOAC) and the response of the Director General to these and take further action as appropriate:

To fulfil this function, the Audit and Risk Committee will:

- Review the relevant findings of NOAC and ensure that its work programme takes NOAC's findings and recommendations into account.
- Request special reports from management or internal audit as considered appropriate

Authority

The Audit and Risk Committee charter sets out the authority of the Audit and Risk Committee to carry out the responsibilities established for it by 2014 Local Government Act articulated within the Audit and Risk Committee charter.

In discharging its responsibilities, the Audit and Risk Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Audit and Risk Committee and/or the Head of Internal Audit (HoIA) will follow a prescribed, approved mechanism for resolution of the matter.

The Audit and Risk Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. LCCC's management and staff should cooperate with Audit and Risk Committee requests.

The Audit and Risk Committee may engage independent counsel and/or other advisors it deems necessary to carry out its duties.

The Audit and Risk Committee is empowered to:

- Resolve any disagreements between management and the auditor regarding financial reporting and other matters.
- Pre-approve all auditing and non-audit services performed by auditors.

Composition of the Audit and Risk Committee

The Committee will consist of seven members; not less than four external members, not more than three serving or retired elected members, and three or more persons having knowledge or experience in finance, audit or accounting. The members should collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk and control. Because the responsibilities of the Audit and Risk Committee evolve in response to regulatory, economic, and reporting developments, it is important to periodically re-evaluate members' competencies and the overall balance of skills on the Committee in response to emerging needs.

The Audit and Risk Committee is established by resolution of the Council upon nomination by the Corporate Policy Group, chaired by the Mayor, following consultation with the Director General. The term of the committee is concurrent with that of the current Council that commenced on 1st June 2024 and will terminate on 31st May 2029. The members of the current Audit and Risk Committee are as follows:

- Brid Quinn (Chair)
- Emmett Devereux
- John Coady
- Philip O'Regan
- Councillor John Sheahan
- Councillor Sharon Benson
- Councillor Catherine Slattery

The Audit and Risk Committee may temporarily co-opt other members on a short-term basis to provide specialist skills needed as and when required.

The Chair of the Audit and Risk Committee

The Chairperson of an Audit and Risk Committee is elected by its members, and will be one of the external members.

The Chair of the current Audit and Risk Committee is Brid Quinn, who was elected by the members at the Audit and Risk Committee meeting held on 26th February 2025.

In the absence of the Chairperson, those present shall select a chairperson for the meeting.

Terms of Office

The term of office for an Audit and Risk Committee member is five years. Continuance of Audit and Risk Committee members will be reviewed annually. To ensure continuity within the Audit and Risk Committee, the appointment of members should be staggered.

Each member of an Audit and Risk Committee shall hold office for the maximum duration of the local authority that appointed it or for a shorter period as defined by the local authority. A member of an Audit and Risk Committee, including the Chairperson, may at any time resign from office by letter addressed to the Cathaoirleach and the resignation shall take effect from the date of receipt of the letter by the Cathaoirleach. A local authority may at any time disqualify a member from membership, including the Chairperson, if in the opinion of the local authority:

- a) the member has become incapable through ill health of effectively performing the duties of the office,
- b) the member has a conflict of interest of such significance that, in the opinion of the Council, the member should cease to hold office, or
- c) it is necessary in order to facilitate the effective performance by the Audit and Risk Committee of its functions.

Where a vacancy arises it shall be the duty of the Chairperson to request that the Corporate Policy Group commence the process for replacing the Audit and Risk Committee member, as provided for in paragraph (6) of S.I. No. 244/2014 – Local Government (Audit and Risk Committee) Regulations 2014.

Quorum

The quorum for the Audit and Risk Committee shall be no less than four members.

OPERATIONAL PRINCIPLES

Audit and Risk Committee Values

The Audit and Risk Committee will conduct itself in accordance with the code of values and ethics of LCCC and the guidelines issued by the Standards in Public Office Commission. The Audit and Risk Committee expects that management and staff of LCCC will adhere to these requirements

Communications

The Audit and Risk Committee expects that all communication with management and staff of LCCC as well as with any external assurance providers will be direct, open and complete.

Work Plan

The Audit and Risk Committee chair will collaborate with senior management and the HoIA to establish a work plan to ensure that the responsibilities of the Audit and Risk Committee are scheduled and will be carried out.

Meeting Agenda

The chair will establish agendas for Audit and Risk Committee meetings in consultation with Audit and Risk Committee members, senior management and the HoIA.

Information Requirements

The Audit and Risk Committee will establish and communicate its requirements for information, which will include the nature, extent, and timing of information. Information will be provided to the Audit and Risk Committee at least one week prior to each Audit and Risk Committee meeting.

Executive Sessions

The Audit and Risk Committee will schedule and hold if necessary, a private session with the Director General, the Director of Support Services, the HoIA, the Local Government Auditor, external assurance providers, and with any other officials that the Audit and Risk Committee may deem appropriate at each of its meetings.

Preparation and Attendance

Audit and Risk Committee members are obliged to prepare for and participate in Committee meetings.

Conflict(s) of Interest

Audit and Risk Committee members should adhere to the LCCC code of conduct and any values and ethics established by LCCC. It is the responsibility of Audit and Risk Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. If there is any question as to whether Audit and Risk Committee member(s) should recuse themselves from a vote, the Committee should vote to determine whether the member should recuse himself or herself.

Orientation and Training

Audit and Risk Committee members will receive formal orientation / induction training within three months of appointment to the committee on the purpose and mandate of the Committee and on LCCC objectives. This will be arranged by LCCC in consultation with the Chairperson and Director General. A process of continuing education will be established.

It is the duty of the Chairperson to ensure that the training needs of the Audit and Risk Committee and of individual members are reviewed on an annual basis and reported to the Director General and Council. Where training needs are identified, the Director General will facilitate the provision of such training, where practicable.

OPERATIONAL PROCEDURES

Meetings

The Audit and Risk Committee will meet at least four (4) times annually or more frequently as the Committee deems necessary. The time frame between Audit and Risk Committee meetings should not exceed four months where possible. Dates and times will be agreed by the Committee and the Secretary in advance.

Minutes

Minutes will be prepared for each Committee meeting. Meeting minutes will be provided in draft format in advance of the next meeting.

Required Attendance

The HoIA are required to attend all Audit and Risk Committee meetings.

Secretariat Services

The HoIA (or another appropriate designee) will facilitate and coordinate meetings as well as provide ancillary support to the Committee, as time and resources permit.

Remuneration of Committee Members

Committee members may be reimbursed for travel and Committee related expenses.

Payment rates and allowances for Committee members' time and/or services are established formally in section 5.5 (Payment of Fees) in the "Guidance for Audit and Risk Committees in Local Authorities" issued by the Department of the Environment, Community and Local Government in June 2014.

5.5 Payment of fees

The payment of fees for membership of an Audit and Risk Committee is a matter for the local authority concerned. However, in setting any such fees, consideration should be given to the standard fees applicable to Audit and Risk Committees of central Government Departments and State agencies, which are set by the Department of Public Expenditure and Reform. These fees are €402.39 per diem for a Chairperson and €285 per diem for an ordinary external member, subject to an annual maximum of €2,414 and €1,710 respectively.

It should be noted that fees are only payable to external members. Fees cannot be paid to serving civil or public servants or public sector employees under the "One Person, One Salary" rule.

Audit and Risk Committee members may be reimbursed for travel expenses in accordance with Limerick City and County Council's Travel and Subsistence policy.

Responsibilities

It is the responsibility of the Audit and Risk Committee to provide LCCC with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of LCCC.

Values and Ethics

To obtain reasonable assurance with respect to LCCC's values and ethics practices, through their meeting with the Director General.

LCCC Governance

To obtain reasonable assurance with respect to LCCC's governance process, the Audit and Risk Committee will review and provide advice on the governance process established and maintained within LCCC and the procedures in place to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to LCCC's risk management practices, the Audit and Risk Committee will:

- Obtain a quarterly risk register update from management
- Obtain from the Head of Governance / Corporate Services an annual report on management's implementation and maintenance of an appropriate enterprise-wide risk management process.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and LCCC.
- Review and provide advice on the risk management process established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to LCCC's procedures for the prevention and detection of fraud, the Audit and Risk Committee will:

- Oversee management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Challenge management and internal and external auditors to ensure that the entity has appropriate anti-fraud programmes and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of LCCC's controls in responding to risks within LCCC's governance, operations and information systems, the Audit and Risk Committee will:

- Consider the effectiveness of LCCC's control framework, including information technology security and control.
- Review and provide advice on the control of LCCC as a whole and its individual units.
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and LCCC.

Compliance

The Audit and Risk Committee will:

- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- Review the process for communicating the code of conduct to LCCC's personnel and for monitoring compliance.
- Obtain regular updates from management and LCCC's legal counsel regarding compliance matters.

OVERSIGHT OF THE INTERNAL AUDIT ACTIVITY AND OTHER ASSURANCE PROVIDERS

Internal Audit Activity

To obtain reasonable assurance with respect to work of the internal audit activity, the Audit and Risk Committee will provide oversight related to:

1. Internal audit charter and resources

- Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the guidance of the Institute of Internal Auditor's (IIA's) International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of LCCC and reflects developments in the professional practice of internal auditing.
- Advise management about increases and decreases to the requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

2. HoIA performance

- Advise management regarding the qualifications and recruitment, appointment, and removal of the HoIA.
- Provide input to management related to evaluating the performance of the HoIA.

3. Internal audit strategy and plan

- Review and provide input on the internal audit activity's strategic plan, objectives, performance measures and outcomes.
- Review and approve proposed risk based internal audit plan and make recommendations concerning internal audit projects.
- Review and approve the internal audit plan and engagements work programme, including reviewing internal audit resources necessary to achieve the plan.
- Review the internal audit activity's performance relative to its audit plan.

4. Internal audit engagement and follow-up

- Review internal audit reports and other communications to management.

- Review and track management's action plans to address the results of internal audit engagements.
- Review and advise management on the results of any special investigations.
- Inquire of the HoIA whether any internal audit engagements or non-audit engagements have been completed but not reported to the Committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of the HoIA whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

5. Quality assurance

- As a sector, the National Internal Audit Network are examining how local authorities may comply with the Quality Assurance requirements of the Global IIA Standards. LCCC will align with the CCMA Corporate Governance Committee recommendations and policies in order to achieve a consistent approach within the sector.

External Auditors

To obtain reasonable assurance with respect to work of NOAC and the Local Government Auditor, the Audit and Risk Committee will meet with the external assurance providers, discuss the audited financial statements, and the results of engagements and recommendations for management.

The Audit and Risk Committee will:

- Review reports from NOAC and the Local Government Auditor about their relationships with LCCC, including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.
- Monitor management's progress on action plans.
- To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the Audit and Risk Committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

Financial Statements and Public Accountability Reporting

The Audit and Risk Committee is responsible for oversight of the independent audit of the LCCCs financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal and to foster the development of best practice in internal audit.

The Audit and Risk Committee will:

- Review with management and the Local Government Auditor the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Report to the Council on its considerations of the audited Annual Financial Statement, Auditor's Report or Auditor's Special Report at the next practicable meeting of the Council.

Other Responsibilities

In addition, the Audit and Risk Committee will:

- Assess and promote efficiency and value for money with respect to LCCCs performance of its functions.
- Regularly evaluate its performance and that of its individual members. The Audit and Risk Committee will undertake an annual review of its own performance and effectiveness and will report to Council on its findings. Where the assessment highlights the need for improvement in the role, operational processes or membership of the committee, it is the duty of the Chairperson to take action to ensure that such improvements are implemented. The Chairperson, in consultation with the Director General, will decide on appropriate training and / or actions required to improve the performance and effectiveness of the committee.

Reporting on Audit and Risk Committee performance

The Audit and Risk Committee will report to LCCC, summarising the Committee's activities and recommendations.

The report should also include:

- A summary of the work the Audit and Risk Committee performed to fully discharge its responsibilities during the preceding year.
- A summary of management's progress in addressing the results of internal and external audit engagement reports (including NOAC and the Local Government Auditor reports).
- An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting LCCC.
- Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended.
- Provide information required, if any, by new or emerging corporate governance developments.
- The Committee may report to the governing body at any time regarding any other matter it deems of sufficient importance.

The Audit and Risk Committee will prepare an annual report within three months of the expiration of each calendar year of operation a report detailing –

- i. Its considerations and findings for the year just expired in relation to all matters within its authority, duties and functions,
- ii. A review of its performance in accordance and any issues impairing that performance.

On completion of the report, it is issued to LCCC for consideration at the next practicable meeting.

APPROVAL / SIGNATURES:

The Audit and Risk Committee Charter will be subject to annual review by the Committee and Council.

Director General
Limerick City and County Council:



Date: 24.3.25

Audit and Risk Committee Chair:



Date: 10-03-2025