

Terms of Reference of the Audit and Risk Committee

The Pharmaceutical Society of Ireland (PSI) Council has established an Audit and Risk Committee as a Committee of the Council to support them in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Council's and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

1. Membership

The members of the Audit and Risk Committee are appointed by the Council. The Committee should collectively possess an appropriate range of skills and knowledge to perform its functions to the required standard. The Committee is composed of a maximum of seven members which includes:

- One person who is a Council member, who will Chair the Committee.
- One person who is qualified in and practising accounting or auditing.
- One person who is a registered pharmacist.
- Members who have experience in risk management, governance, an understanding of the public sector environment, in particular the accountability structures, and current public sector reform initiatives.

Council members:

Mr Pat O'Dowd (Chair)	15/08/2016-15/12/2017	Council Member and Assistant National Director, Health Service Executive
Mr Graham Knowles	16/12/2016 -15/12/2018	Council Member
Mr Paul Turpin	16/12/2016 -15/12/2018	Council Member and Governance Specialist, Institute of Public Administration

Independent external members:

Ms Rachel Gubbins	16/12/2015 – 15/12/2017	Registered pharmacist
Mr Martin Higgins	05/02/2017 – 15/12/2018	Former CEO of Safefood
Ms Wendy Kennedy	16/12/2016 – 15/12/2018	Director of Corporate Services, Medical Council

Audit and Risk Committee Members will hold membership for up to two years and will be eligible for reappointment. No member will ordinarily serve more than two consecutive terms.

The Senior Management Team Lead for the Audit and Risk Committee is Dr Cheryl Stokes, Head of Corporate Governance and Public Affairs. The Audit and Risk Committee will be provided with a secretariat function through the Corporate Governance and Public Affairs Department.

2. Reporting

- The Audit and Risk Committee will formally report in writing to the Council through the Report from the Audit Committee, presented by the Chair of the Committee.
- The Audit and Risk Committee will provide the Council with an Annual Report, timed to support the finalisation of the PSI's Annual Report and financial statements, summarising its conclusions from the work it has done during the year.

3. Responsibilities

The Audit and Risk Committee will advise the Council on:

- the strategic processes for risk, internal control and governance;
- the accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements prior to submission for audit, levels of error identified, and management's letter of representation to the External Auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter of representation;
- assurances relating to the management of risk and corporate governance requirements for the PSI;
- where appropriate, proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, protected disclosure processes, and arrangements for special investigations; and
- the Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

4. Duties

Risk Management

- Consider the effectiveness of the risk management framework.
- Review the adequacy and effectiveness of the organisation's process for the identification, assessment and control of risk.
- Report to the Council on matters relating to the organisation's process for risk management and management action to mitigate risk.

Internal Control

- Consider the effectiveness of the internal control system to ensure it gives early warning of control failures and emerging risk.
- Obtain and review internal audit reports, significant findings and recommendations together with management responses.
- Initiate any special projects or investigations deemed necessary by the Committee.
- Monitor management's implementation of audit recommendations.

Corporate Governance

- Advise the Council on assurances relating to the management of corporate governance requirements for the PSI.

Financial Statements

- Review with management and the External Auditors the results of audits.
- Review the draft Annual Financial Statements, prior to submission to Council, and consider whether they are complete, consistent with information known to the Committee, reflect appropriate accounting standards and principles, and present fairly the PSI's financial position.
- Consider whether issues raised by the External Auditor have been comprehensively and appropriately dealt with.

Internal Audit

- Review with management and the Internal Auditor the Internal Audit Charter, audit plans and audit activities.
- Approve the annual audit plan and ensure it includes value for money audits. In compliance with the PSI's procurement policy, an internal audit should be carried out on procurement of all high-level purchases, with an anticipated spend above €100,000, on an annual basis.
- Consider regular progress reports on the audit plan assignments. Ensure that there are no restrictions or limitations placed on the work of internal audit.
- Assess the adequacy of the internal audit function.

External Audit

- Review the Internal Audit working relationship and liaison with the External Auditor to ensure co-operation, avoidance of duplication and potential gaps in audit coverage, and receive confirmation of the effectiveness of their working relationship.
- Review the external audit management letter and letter of representation, and the PSI's response to management letters and reports.
- Review any other external audit reports, as required.
- Meet with the External Auditors annually to ensure that there are no unresolved issues of concern and to make the External Auditor aware of any emerging risks or governance issues.

Financial control

- Consider whether financial control, including the delegation structures, enables the organisation to achieve its objectives on a value for money basis.

Tendering proposals

- Advise, where appropriate proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services.

Investment appraisal

- The Committee should consider whether the procedures for investment appraisal are fit for purpose and comply with best practice including the principles and relevant requirements of the Public Spending Code.

Anti-fraud, protected disclosures and special investigations

- Consider the effectiveness and adequacy of the PSI's anti-fraud, anti-corruption and protected disclosure policies, arrangements for special investigations, and staff awareness of them.

Performance review

- Review its own effectiveness through an annual performance review and report the results of that review to the Council.

Terms of Reference

- Review and assess the adequacy of the terms of reference on an annual basis and request approval by Council in relation to amendments.

The Audit and Risk Committee shall perform any other duties as it deems necessary to fulfil its role.

5. Rights

The Audit and Risk Committee may:

- access the Registrar and President of the Council;
- conduct or authorise investigations into matters within its scope of responsibility;
- co-opt additional members to provide specialist skills, knowledge and experience;
- procure specialist ad-hoc advice at the reasonable expense of the PSI, subject to budgets agreed by the Council;
- receive copies of the PSI's Annual Service Plans and Annual Reports on a timely basis; and
- make a recommendation to Council to remove a member of the Committee for non-attendance at two consecutive meetings unless the member demonstrates to the Committee that the failure to attend was due to particular extenuating circumstances.

6. Access

The Audit and Risk Committee should provide an open avenue of communication between the Internal Auditors, the External Auditors and the Council. The Internal Auditor and the

representative of external audit will have free and confidential access to the Chairperson of the Audit and Risk Committee.

7. Meetings

- The Audit and Risk Committee will meet at least four times a year.
- The Chairperson of the Audit and Risk Committee may convene additional meetings, as they deem necessary.
- The quorum for a meeting of the Audit and Risk Committee shall be three persons or the number of persons, which is one greater than half of the number of members of the Committee, whichever is the greater. A Council member should be present for a meeting to be considered quorate and should chair the meeting, if the appointed chair is not present;
- As the business of the Audit and Risk Committee requires, the Registrar, the Head of Operations, Head of Corporate Governance and Public Affairs, Internal Auditors and a representative of external audit should attend for specific meetings or agenda items at the Committee's request;
- The Committee may also ask other staff members to assist it with its discussions on any particular matter.
- The Committee may ask any or all of those who normally attend but who are not members to withdraw and facilitate open and frank discussion of particular matters.
- The Council may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice.

8. Information Requirements

For each meeting, the Audit and Risk Committee will be provided with the following one week ahead of the meeting:

- A report summarising any significant changes to the PSI's strategic risks and a copy of the Corporate Risk Register;
- Reports from the Internal Auditor as per the agreed internal audit plan;
- A report on progress made against internal audit recommendations, which provides information on work performed, key issues emerging, management response to the recommendations, changes to the agreed internal audit plan, and resourcing issues affecting the delivery of objectives of internal audit;
- Any progress reports (written or verbal) from the external audit representative summarising work done and emerging findings;
- Management assurance reports; and
- Reports on the management of major incidents, 'near misses' and lessons learned.

As and when appropriate the Committee will also be provided with:

- proposals for the terms of reference of internal audit / the internal audit charter;
- the internal audit strategy;
- the Internal Auditor's annual opinion and report;
- quality assurance reports from the Internal Auditors;

- the draft financial statements of the PSI;
- the PSI's draft governance statement;
- a report on any changes to accounting policies;
- external audit's management letter;
- a report on any proposals to tender for audit functions, where appropriate;
- a report on co-operation between internal and external audit; and
- the PSI's risk management strategy.

Reviewed by:	Date:	Approved by:	Date:
Audit Committee	March 2017	Council	March 2017