

Terms of Reference of the Audit Committee

1. Introduction

- 1.1 The Board of Directors (Board) continuously reviews current trends and best practice in relation to corporate governance. As part of the Board's plans to fulfil its obligations in this area it has constituted an Audit sub-committee to ensure:
 - Effective review and monitoring of financial risks;
 - Reliable management and financial reporting;
 - Compliance with laws and regulations; and
 - Maintenance of an effective and efficient audit.
- 1.2 These terms of reference set out the specific responsibilities assigned by the Board to the Audit sub-committee and details the manner in which the Audit sub-committee will operate.
- 1.3 The Audit sub-committee reports to the Board and its main objective is to assist the Board in fulfilling its functions by providing independent and timely advice to Board on areas within its remit.

2. Responsibilities

Effective review and monitoring of financial risks

- 2.1 To be constantly aware of the current areas of greatest financial risk and ensure management personnel of ECI is effectively managing the risk.
- 2.2 To satisfy itself that effective systems of accounting and internal control, including computerised information systems, are established and maintained to manage financial risk.
- 2.3 To satisfy itself as regards the integrity and prudence of management control systems, including the review of policies and /or practices.
- 2.4 To ensure that the Board is aware of any matters that might have a significant impact on the financial condition or affairs of the organisation

Reliable management and financial reporting

- 2.5 To review and assess the adequacy of management reporting to the Board in terms of the quantity, quality and timing of information necessary to understand and report internally and externally on the risks, operations and financial condition.
- 2.6 To review the half-yearly and annual financial statements and any other financial information before their submission to the Board ensuring that all documents are available to Directors at least one week in advance of their meetings. Documents to be provided to Board should include: Budget performance; rolling 12-month cash flow forecast; balance sheet and a summary report with commentary.

Compliance with laws and regulations

- 2.7 To monitor developments and changes in the law relating to the responsibilities and liabilities of Directors and to monitor and review the extent to which the Board is meeting its obligations.
- 2.8 To monitor developments and changes in the various rules, regulations and laws which relate generally to the organisation and to monitor and review the extent to which the entity is complying with such laws.

Maintenance of an effective and efficient audit

- 2.9 To recommend to the Board the appointment of the internal and external auditors.
- 2.10 To review the efficiency and effectiveness of both the internal and external auditors in relation to their respective responsibilities.
- 2.11 To ensure that no unjustified restrictions or limitations are placed on the auditors.
- 2.12 To ensure that the scope of the audit (external and internal) is adequate, ensuring emphasis is placed on areas where the Audit sub-committee, management or the auditors believe special emphasis is necessary.
- 2.13 To review and assess the findings of the internal and external auditors and the action taken and timetable proposed by management in response to the findings.

Other responsibilities

- 2.14 To report any matter identified during the course of carrying out its duties that the Audit sub-committee considers should be brought to the attention of the Board.
- 2.15 To perform or undertake on behalf of the Board any such other tasks or actions as the Board may from time to time authorise.
- 2.16 To ensure the Safety Statement of the organisation is kept up to date.

3. Membership and Meetings

- 3.1 The sub-committee, which shall be appointed by the Board, shall comprise of not less than three members including two Directors and one external member.
- 3.2 The Chairperson of the sub-committee shall be the Honorary Treasurer of ECI who shall be responsible for presenting the report of the Audit sub-committee.
- 3.3 The Chief Executive Officer should support and attend the meetings.
- 3.4 Membership of the sub-committee shall be reviewed each year by the Board.
- 3.5 Membership of the sub-committee shall normally be for an initial term of three years, with the possibility of an extension of a further three years.
- 3.6 The sub-committee shall meet on at least three occasions per annum:
 - prior to the external audit, to approve the audit plan
 - prior to the issuance of the audited accounts to the Board
 - during the year to discuss internal controls.
- 3.7 The Chairperson of the Audit sub-committee shall present a written report annually to the Board summarising the work of the sub-committee in the previous year. Additionally, the Chairperson shall report to the Board the sub-committee's views in relation to the audited financial accounts.
- 3.8 The draft minutes of the Audit sub-committee shall be circulated to the Board.

Last updated: May 2018 (next review date: May 2019)