

Audit and Risk Committee Charter

1. Board Policy Statement

The Board of Horse Racing Ireland recognises the significant contribution to good governance and effective internal control made by an efficient and effective Audit and Risk Committee.

The Board pledges its full support to the Audit and Risk Committee in discharging the authorities and responsibilities contained in this Charter. Further, it respects the independence of the Audit and Risk Committee and undertakes to provide adequate resources to enable the Committee to properly discharge its functions.

2. Governance Policy

Horse Racing Ireland supports and subscribes to the highest standards of corporate governance and specifically abides by the principles and guidelines defined in:

- 2.1 The Code of Practice for the Governance of State Bodies (2016) and
- 2.2 The Combined Code Guidance under the Group Chaired by Sir Robert Smith on behalf of the Financial Reporting Council 2003.

3. Purpose

The Audit and Risk Committee is a sub-committee of the Board of Horse Racing Ireland established to assist the Board in fulfilling its oversight responsibilities relating to:

Compliance

- 3.1 Monitoring compliance of HRI with The Code of Practice for Governance of State Bodies and with relevant laws and regulations.

Internal Control Framework

- 3.2 Monitoring the adequacy and effectiveness of HRI's internal control framework to, inter alia, enable the organisation to achieve its objectives on a value for money basis.

External Audit

- 3.3 Liaising with the Comptroller & Auditor General(C&AG) in relation to his/her audit findings.
- 3.4 Receiving and assessing the C&AG's annual report on HRI's Financial Statements and management letters and meeting with the C&AG at least annually.
- 3.5 Monitoring management's implementation of C&AG recommendations as outlined in the annual management letter.

Internal Audit

- 3.6 Monitoring the provision of Internal Audit Services by the external service provider of those services.
- 3.7 Reviewing and approving HRI's Internal Audit Charter.
- 3.8 Reviewing and approving the annual Internal Audit Plan to ensure appropriate coverage of HRI's significant business and financial risks.
- 3.9 Reviewing Internal Audit Reports and recommending any consequent actions to the Board of HRI, where appropriate.
- 3.10 Assessing the effectiveness of the Internal Audit function.
- 3.11 Monitoring management's implementation of Internal Audit recommendations.

Risk Management Framework

- 3.12 Monitoring and reviewing the effectiveness and adequacy of HRI's overall risk management & control framework, including risk management policies, risk appetite, risk management processes, risk reporting and compliance with risk appetite.
- 3.13 Reviewing, on at least a quarterly basis, the key/ significant risks that HRI is exposed to against the organisation's appetite.
- 3.14 Liaising with the Risk Management Team which has been established to oversee the risk management process and to report on the process to the Audit and Risk Committee

Financial Statements

- 3.15 The Audit and Risk Committee will review the draft Financial Statements and accompanying Letter of Representation before recommending them to the Board of HRI for adoption and submission for audit, taking account of public accountability and the special considerations which attach to State Bodies in relation to their management and operation.

The Committee will also consider whether the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for an assessment of HRI's financial position and financial performance, business model and strategy.

Special Projects

- 3.16 Initiate and/ or oversee any special projects or investigations deemed necessary by the Audit and Risk Committee or as agreed by the Committee with the Board of HRI where such projects or investigations fall within the general areas set out above in these Terms of Reference.
- 3.17 Perform other activities related to this Charter as requested by the Board of HRI.

4. Reporting

- 4.1 The Audit and Risk Committee will formally report in writing to the Board of HRI and provide the Board with an Annual Report, timed to support finalisation of the Annual Report and Financial Statements, summarising its conclusions from the work it has done during the year. In this Annual Report the Audit and Risk Committee will report on the risk management strategies of HRI based on its analysis of the quarterly reports from the Risk Management Team.
- 4.2 The Audit and Risk Committee will report to the Board of HRI on the effectiveness of the system of risk management and alert the Board to any emerging issues.
- 4.3 The Audit and Risk Committee will confirm in its annual report to the Board that all responsibilities outlined in this charter have been carried out.
- 4.4 The Audit and Risk Committee will formally report in writing to the Board of HRI during the year, highlighting any issues that arise since the annual report.
- 4.5 The Head of Internal Audit, (Outsourced), will report directly to the Audit and Risk Committee.

5. Authority

The Board of Horse Racing Ireland authorises the Audit and Risk Committee to:

- 5.1 Conduct or authorise investigations into matters within its scope of responsibility.
- 5.2 Procure specialist ad-hoc advice at the reasonable expense of HRI subject to budgets agreed by the Board.
- 5.3 Co-opt additional members to provide specialist skills, knowledge and experience.
- 5.4 Seek any information it may require from company management.
- 5.5 Meet with company management, outsourced internal auditors, external auditors or advisors as necessary.

6. Composition

- 6.1 The Audit and Risk Committee, including the Chairperson, will be appointed by the Board of Horse Racing Ireland. The Committee will consist of at least 5 members with at least 3 independent non - executive Board members and 2 independent members.
- 6.2 Ordinary members of the Committee will be appointed in consultation with the Chairperson of the Committee. The Audit and Risk Committee will collectively possess an appropriate range of skills to perform its functions to the required standard.

Members should have a knowledge of and relevant experience of the financial, cultural, strategic and political environment in which the organisation operates. The Chairperson of the Board of Horse Racing Ireland may be a member of the Audit and Risk Committee but may not be Chairman of that Committee.

- 6.3 Appointments to the Committee will, unless decided otherwise by the Board of Horse Racing Ireland, be for a period of four years, with the option of an extension of up to four years. The increased term (previously three years) does not extend existing terms of appointment. The dates of retirement of members will be staggered so that no more than two members will not retire at the same time.

7. Meetings & Attendance of the Audit and Risk Committee

- 7.1 The Audit and Risk Committee, the business of which is confidential in nature, shall meet at least four times per year. The Chairperson of the Committee may convene additional meetings as circumstances require.
- 7.2 Attendance of three Committee members at an Audit and Risk Committee meeting, one of whom shall be an external member, shall constitute a quorum.
- 7.3 The Audit and Risk Committee may invite members of management, auditors, or others to attend meetings and provide pertinent information as necessary. Such parties will normally include the Chief Executive who is the Statutory Accounting Officer, the Company Secretary, the Chief Financial Officer and the Head of Internal Audit, (Outsourced), who will present the reports.
- 7.4 A separate private meeting of the Audit and Risk Committee will be held at least annually with the Head of Internal Audit, (Outsourced), without HRI executive management being present.
- 7.5 The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion on matters of particular importance or sensitivity.
- 7.6 The Committee should have a discussion with the external auditors at least once a year, without executive members of the Board or employees of the State body present, to discuss the annual audit of the Financial Statements and to ensure that there are no unresolved issues of concern.
- 7.7 The Board may ask the Committee to convene further meetings to discuss particular issues on which they seek the Committee's advice.
- 7.8 Meeting agendas, along with appropriate briefing materials, will be prepared and provided to Committee members one week in advance of meetings. HRI will provide secretarial support to the Committee. The Company Secretary will act as secretary to the Audit and Risk Committee and will minute all meetings. Any late additions to the agenda will be agreed in advance by the Chairman.
- 7.9 Where a conflict of interest - an interest or relationship that might materially influence their duties as an Audit and Risk Committee member - arises in the course of the work of the Audit and Risk Committee, the member should bring this to the attention of the Chairman and, where necessary, leave the room for the duration of the discussion and not take part in any decision relating to the discussion. This should be reported in the minutes of the meeting.

8. Information Requirements

8.1 The Audit and Risk Committee will be provided for each meeting, and at least 7 days in advance of the meeting, the following;

- A report summarising any significant changes to the strategic risks and a copy of the Corporate Risk Register
- A report on each audit conducted since the previous meeting
- A progress report from the Head of Internal Audit summarising: Work performed and a comparison of work planned

Key issues emerging from work carried out Management responses to audit recommendations Any changes to agreed internal audit plan.
Any resourcing issues affecting the delivery of the objectives of internal audit.

8.2 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 Head of Internal Audit's annual opinion and report
- External audit's management letter
- A report on any proposals to tender for audit functions
- The Risk management strategy
- Progress report from the external audit representative summarising work done and findings
- Management assurance reports
- Reports, where necessary, on the management of major incidents, near misses and lessons learned.

9. Charter and Self-assessment

The Audit and Risk Committee will review its own performance and its Charter annually, recommending any changes proposed to be made to the Charter to the Chairman of **HRI**, for consideration/ approval by the Board of HRI.

10. Remuneration & Expenses

Committee members may receive remuneration for the period of their appointment on the Committee. The conditions and quantum of the fee will be as outlined in the Remuneration Policy and the commencement date of this remuneration is January 1st, 2023.

Committee members may be paid travel expenses at the prevailing Civil Service mileage rates for their attendance at meetings of the Committee.

At time of appointment all Committee members will be offered the option to waive fees and expenses.

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