Gaillimh 2020 Galway
European Capital of Culture

GALWAY CULTURAL DEVELOPMENT AND ACTIVITY COMPANY LIMITED BY GUARANTEE

(the "Company")

Audit Committee - Terms of Reference
(as adopted by the Board on 10 November 2017)

1. Membership

1.1 Members of the Committee are appointed by the Board, in consultation with the Chair of the Audit Committee (the "**Committee Chair**"). The Committee shall be made up of at least three members.

1.2 All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.

1.3 Only members of the Committee have the right to attend Committee meetings. On occasion, other individuals (for example, other directors, management and external advisers) may be invited by the Committee Chairman to attend all or part of any meeting of the Committee.

1.4 The external auditors shall be invited to attend meetings of the Committee on a regular basis.

1.5 The Board shall periodically review membership of the Committee at the instigation of the Chairman of the Board.

1.6 Members of the Committee shall be appointed for a period of up to three years, which may be extended by a further period of one year, subject to the members still meeting the criteria for membership.

2. Secretary

2.1 Such person as the Committee Chairman nominates shall act as the Secretary of the Committee.

2.2 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

2.3 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

2.4 Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chairman.

3. Quorum

3.1 The quorum necessary for the transaction of business shall be two members. A duly

convened meeting of the Committee (attendance by telephone, video conference or similar is acceptable for the purposes of determining a quorum) at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meetings

4.1 The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required as determined by the Committee Chairman. When deemed necessary or desirable by the Committee or the Committee Chairman, decisions may be taken by unanimous written consent.

4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Operations Director and the external audit lead partner.

4.3 The Committee shall approve the annual calendar of its meetings.

5. Notice of Meetings

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman or at the request of external or internal auditors if they consider it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date and dial-in details (if required), together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Self-Evaluation

6.1 At least once a year, the Committee shall review its own composition, performance and terms of reference and recommend any changes it considers necessary to the Board for approval.

7. Duties

7.1 The Committee shall carry out the duties set out below.

7.2 The Committee shall also review other disclosures and documents as determined by the Board from time to time.

8. Financial Reporting

8.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and any interim reports and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain before submission to the Board.

8.2 The Committee shall also review, and where appropriate report to the Board, on significant financial reporting issues and judgements made in connection with the

preparation of the Company's financial statements.

8.3 The Committee shall review and challenge where necessary:

8.3.1 the consistency of, and any changes to, accounting and treasury policies both on a year on year basis, including any significant estimates or judgments across the Company;

8.3.2 the methods used to account for significant or unusual transactions where different approaches are possible;

8.3.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

8.3.4 the completeness, clarity and consistency of disclosures in the Company's financial statements and consider whether any disclosures made are appropriate and set in context; and

8.3.5 all material information presented with the financial statements, such as the operating and financial review, the corporate governance statement and the directors' report.

8.4 The Committee shall review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for external stakeholders to assess the Company's performance, business model and strategy.

8.5 The Committee shall review the assessment of the prospects of the Company over the long term, including the appropriateness of the length of period reviewed, and shall make a recommendation to the Board to enable the directors to state that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

8.6 The Committee shall assess the effectiveness of the Company's financial reporting procedures.

9. Internal Controls and Financial Risk Management Systems

9.1 The Committee shall:

9.1.1 keep under review the adequacy and effectiveness of the Company's internal controls and financial risk management systems;

9.1.2 review the policies and overall process for identifying and assessing business financial risks and managing their impact on the Company and query with management any material deficiencies in the design or operation of the systems of internal control, of the existence of any material breakdown in controls or evidence of fraud or material misstatement of financial reports;

9.1.3 review regular assurance reports from management, internal audit and financial risk management, external audit, and others on matters related to financial risk and control; and

9.1.4 review the timeliness of, and reports on, the effectiveness of corrective action taken by management.

The Committee shall review and approve the statements to be included in the Annual Report concerning internal controls and financial risk management processes (which should include a confirmation by the Committee that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, together with a description of these risks and an explanation of how they are being managed or mitigated).

10. Whistleblowing, Fraud and Compliance

10.1 The Committee shall:

10.1.1 review, with reference to the Chief Executive Officer and the Chief Financial Officer, compliance related matters that may have a material financial impact.

10.1.2 review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

10.1.3 review the Company's procedures for preventing bribery and corruption and receive reports on non-compliance;

10.1.4 review the Company's procedures for preventing money laundering and receive reports of non-compliance; and

10.1.5 review the Company's procedures for detecting fraud.

11. Internal Audit

11.1 The Committee shall:

11.1.1 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall financial risk management system;

11.1.2 consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;

11.1.3 ensure the function has adequate standing and is free from inappropriate restrictions. The Committee will also review whether the culture and tone of the organisation is appropriate to ensure support for the work of internal audit;

11.1.4 review, assess and approve the annual internal audit plan, including any material changes to the plan;

11.1.5 receive and review reports on the work of internal audit on a regular basis;

11.1.6 monitor the co-operation between the internal and external auditors;

11.1.7 review and monitor management's responsiveness to the findings and recommendations of the internal auditor and internal audit reports; and

11.1.8 meet the head of internal audit at least once a year, without other management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Committee where necessary.

12. External Audit

12.1 The Committee shall:

12.1.1 consider and make recommendations to the Board on the re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and, if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required. The Committee will also recommend to the Board that the audit services contract is put out to tender periodically in line with best practice and any applicable laws and regulations. In such cases, the Committee will oversee the process to ensure it is fair and transparent and all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process.

12.1.2 oversee the relationship with the external auditor including (but not limited to):

12.1.2.1 approval of their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an adequate audit to be adequately conducted

12.1.2.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

12.1.2.3 assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

12.1.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business);

12.1.2.5 agreeing with the Board a policy on the employment of former employees of the Company's external auditor, and monitoring the implementation of this policy;

12.1.2.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements;

12.1.2.7 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and

12.1.2.8 seeking to ensure co-ordination with the activities of the internal audit function.

12.2 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues (including, but not limited to, difficulties or reservations) arising from the audit. The Chairman of the Committee shall be available for private discussion with the external auditors if required;

12.3 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;

12.4 review the findings of the audit with the external auditor (including prompt notification of any significant audit findings). This shall include but not be limited to, the following:

12.4.2 a discussion of any major issues which arose during the audit;

12.4.3 any accounting and audit judgements;

12.4.4 the basis for the going concern assumption;

12.4.5 levels of errors identified during the audit;

12.4.6 compliance with relevant financial reporting standards and relevant financial and governance reporting requirements; and

12.4.7 review of the external auditor's report on the Company's annual financial statements.

12.5 At the end of the annual audit cycle, the Committee will assess the effectiveness of the annual audit cycle and report to the Board is necessary;

12.6 review all representation letters requested by the external auditor before they are signed by management;

12.7 review the management letter and management's response to the external auditor's findings and recommendations; and

12.8 develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter. The Committee will review this policy annually and make recommendations to the Board if changes are required.

13 Reporting Responsibilities

13.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The report shall include (where appropriate):

13.1.2 the significant issues that it considered in relation to the financial statements and how these were addressed;

13.1.3 its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and

13.1.4 any other issues on which the Board has requested the Committee's opinion.

13.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and make recommendations as to the steps to be taken.

13.3 A report to stakeholders on the Committee's activities shall be included in the Company's Annual Report.

14 Other Matters

14.1 The Committee shall:

14.1.2 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;

14.1.3 avail of appropriate and timely training as it sees fit, both in the form of an induction programme for new members and on an ongoing basis for all members;

14.1.4 oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and

14.1.5 management will ensure that adequate resources and advice are made available to the Committee to undertake its duties. Management will ensure that all internal controls, financial, accounting, auditing, legal, compliance, regulatory and any other information required by the Committee to carry out its work is made available to the Committee promptly.

15. Authority

15.1 The Committee is authorised by the Board to:

15.1.1 undertake any activity within its terms of reference;

15.1.2 seek any information it requires from any employee of the Company in order to perform its duties and may call any employee to be questioned at a meeting of the Committee as and when required;

15.1.3 obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference and invite those persons to attend at meetings of the Committee;

15.1.4 investigate any matter related to any aspect of the business of the Company;

15.1.5 have the right to publish in the Company's Annual Report, details of any issues that cannot be resolved between the Committee and the Board; and

15.1.6 delegate any of its powers to one or more of its members.

Chairperson of the Board: Aideen Mc Ginley

Aideen McGinley

Chairperson of the Audit Committee:

Enda Newton