



FINANCE & AUDIT COMMITTEE

TERMS OF REFERENCE

1. There shall be a Finance and Audit Committee appointed by the Board comprising of at least (3) Governors.
2. The chairperson of the Finance and Audit Committee shall be appointed by the Board and such person should have recent and relevant financial experience. The chairman of the board may be a member of the committee but may not be the chair.
3. The Finance and Audit Committee should ensure that the organisation maintain a sound system of internal control to safeguard the investment and interests of the organisation.
4. The Finance and Audit Committee should at least annually or at such other intervals, conduct a review of the effectiveness of the organisation's system of internal controls and report that they have done so. The review should cover all material controls, including financial, operational and compliance controls and risk assessment procedures / systems.
5. The Finance and Audit Committee should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the organisation's auditors.
6. The Finance and Audit Committee will meet at least three (3) times annually to review financial policies and performance of the organisation and to consider, in discussions with the Director of Finance and/or auditors, any matter related to the governance of the organisation's financial operations. A report of each meeting of the Finance and Audit Committee shall be given to the next meeting of the Board and the minutes circulated.
7. The functions and duties of the Finance and Audit Committee shall include, without limitation:

- (a) To review and challenge, where necessary, the actions and judgements of the management in relation to preparation of the financial statements and other related statements of the organisation prior to their submission to, and approval by, the Board;
- (b) review and monitor the organisation's system of internal financial controls and the effectiveness of the organisation's system for internal control and risk management;
- (c) review the statement in the annual report and financial statements of the organisation on the organisation's internal financial controls;
- (d) review the arrangements of the organisation for maintaining its books of accounts and assessing these arrangements in the context of the requirements of relevant legislation and statements regarding same;
- (e) assess the scope and effectiveness of systems established by the senior management team of the organisation to identify, assess, manage and monitor financial and non-financial risks to which the organisation may be subject; and
- (f) approve and recommend the appointment and remuneration of the external auditors to the board;
- (g) approve the terms of engagement of the external auditors including the approval of any engagement letter issued and the scope of the audit at the start of each audit to the board;
- (h) review the findings of each audit with the external auditors to include a discussion on any major issues that arose during the audit, accounting and audit judgements focusing on any significant adjustments arising from the audit;
- (i) review any letter(s) of representation requested to be signed by the external auditors and approve for recommendation to the board before they are signed by management;
- (j) review the management letter and management's response to the auditor's findings and recommendations;
- (k) monitor and review the performance of the organisation's external auditors and the external auditor's independence and objectivity and the effectiveness of the audit process;

- (l) develop and implement a policy on the supply of any non-audit services by the external auditors, taking into account any relevant professional and ethical guidance;
- (m) Review arrangements by which staff of the organisation may, in confidence raise concerns about possible improprieties in matters of financial reporting or other matters. The committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up action.
- (n) critically review and make recommendation for approval to the board of the annual budget;
- (o) monitor and critically review the income, expenditure, cash flow and investments and adherence to the annual budget;
- (p) monitor and critically review any budget revisions and multi annual projections and strategic financial plans;
- (q) be prepared to meet with and assist management, at their request, in considering any financial aspect of the organisation's affairs;
- (r) Perform such other functions and duties as may be assigned to the Committee by the Board from time to time.

Revised, updated and approved on 4th February 2016

End