Audit Committee Terms of Reference

Update the Audit Committee Terms of Reference – Regulation 6

A submission from the Chair of the Audit Committee

Purpose or Objective

To update the Audit Committee Terms of Reference

Proposal

6. COMMITTEES

Audit Committee

6.1. Audit Committee

Constitution of the Committee

6.1.1. The Audit Committee shall consist of at least four members. The majority of members shall be financially literate and at least one person shall have an accounting or financial background, who shall include:

(a) A Chairman who shall be a person with experience in the work of the ISAF and who shall be appointed by the Executive and shall will not be a member of the Executive Committee;

(b) The Vice-President responsible for finance;

(c) One Vice President; and

(d) One other member who may be a member of Council but not a member of the Executive Committee.

6.1.2. The Committee shall meet at least twice in every year and the quorum shall be two (one of whom shall not be a member of the Executive Committee).

6.1.2.1. The President, the Chief Executive Officer and the External Auditor shall attend meetings when invited by the Committee. Other members of the Council the Executive may be invited to attend all or part of the Committee’s meetings.

6.1.2.2. The Committee shall meet with the External Auditor shall attend at least once meeting a year at which meeting no part of the without management of the ISAF shall be present.

6.1.3. The Committee shall have the authority from the Executive is authorized to take all such steps as it deems appropriate to:
(a) **Investigate** any activity of the ISAF and its subsidiaries within its **functions and responsibilities**;

(b) **Seek and obtain** any information that it requires from any employee of the ISAF or its subsidiaries and **all employees shall be directed to cooperate with any request made by the Committee**; and

(c) obtain outside legal or other independent professional advice as it requires. Such advisors may attend meetings as the Committee considers advisable.

**Terms of reference**

6.1.4. Responsibilities

The **duties and responsibilities** of the Committee shall be **as follows**:

(a) **Ensure that appropriate financial reporting and internal control processes are in place and monitor those processes so that the Executive Committee is properly and regularly informed on financial matters**

(b) **Recommend to the Executive Committee the appointment, tenure and remuneration of the external auditor**

(c) **Assess the independence of the external auditor**

(d) **Review the external auditors annual audit plan and reports**

(e) **Review the draft annual financial reports for compliance with relevant laws and regulations and recommend approval to the Executive.**

(f) to consider the appointment of the external auditor and assess independence of the external auditor;

(g) to discuss with the external auditor, the nature and scope of the audit, Review the findings of the external auditor and ensure that recommendations are actioned by management, and to review the auditors’ management letter and management response; to ensure that the provision of non audit services does not impair the external auditors’ independence or objectivity;

(h) **Review the financial management**

(i) **Review the risk management plan**

(j) **Review the management policies and processes to ensure their suitability to achieve compliance with risk management policy, codes of conduct and any statutory and regulatory requirements**

(d) to consider management’s response to any major external or internal control recommendations;
(e) to review the organization’s procedures for handling allegations from whistleblowers;

(f) to review management’s and auditor’s reports on the effectiveness of systems for financial control, financial reporting and risk management;

(g) to review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before Submission to the Council, paying particular attention to:

(i) critical accounting policies and practices, and any changes in them,

(ii) decisions requiring a major element of judgement,

(iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed,

(iv) the clarity of disclosures,

(v) significant adjustments resulting from the audit,

(vi) the going concern assumption,

(vii) compliance with accounting standards,

(viii) compliance with legal requirements,

(ix) reviewing the company’s statement on internal control systems prior to endorsement by the board and to review the policies and process for identifying and assessing business risks and the management of those risks by the company; and

(k) **Supervise any special investigations requested by the Executive**

(la) **Examine any other matters referred to it by Executive to consider other topics, as defined by the Council or the Executive Committee.**

6.1.5. Reporting Procedures

(a) The Committee shall, after each meeting, report the Committee’s findings and recommendations to the Executive Committee.

(b) The Committee members shall conduct an annual review of their work and these terms of reference its objectives and activities every two years.

(c) **The Committee will prepare an annual report to the Executive Committee on all matters relevant to the Committee’s role and responsibilities.** The Committee’s duties and activities during the year shall be disclosed in the annual financial statements.

(dd) The Chairman shall attend Council meetings and the AGM and shall answer questions, through the President, on the Audit Committee’s activities and
their responsibilities.

Current Position
As above.

Reason
To update the duties of the Audit Committee.