

## **TERMS OF REFERENCE FOR AUDIT & RISK COMMITTEE**

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### **1. PURPOSE**

- 1.1 The purpose of the Audit & Risk Committee is to ensure that Management establish and implement internal control policies and procedures to safeguard and protect the assets of CFS and that a proper Reserves Policy and Enterprise Risk Management Policy are implemented.

### **2. MEMBERSHIP**

- 2.1 The Committee shall be appointed by the Board and the Chair of the Committee shall be a Board member.
- 2.2 The Committee members shall be appointed by the Chair of the Donor Relations Committee.
- 2.3 The Committee will have at least three (3) members, all non-executive.
- 2.4 The membership term limit will correspond with CFS Board's term and renewal process. Members of the Committee can serve a maximum of three (3) consecutive terms. Any member of the Committee, after completion of three (3) terms may be reappointed after a break of one (1) year.
- 2.5 The members of the Committee must be appropriately qualified to discharge their responsibilities. At least one member of the Committee should have accounting or related financial management expertise or experience.

### **3. DUTIES**

- 3.1 The Committee will perform the following functions:
- i. Review and approve the appointment, reappointment and removal of the internal and external auditors.
  - ii. Liaise with the internal and external auditors, if and when appointed.

- iii. Review the scope and approve the audit plans of the internal and external auditors.
  - iv. Review the results, effectiveness and objectivity of the internal and external auditors' reports and findings, including any management letter points raised by the external auditor.
  - v. Approve the audited financial statements before it is tabled and approved by the Board.
  - vi. Review arrangement by which staff may, in confidence, raise concern about suspected fraud or possible improprieties in matter of financial reporting or other similar matters.
  - vii. Conduct an annual review with Management to ensure that CFS adheres to the Enterprise Risk Management policies and procedures.
- 3.2 The Committee is authorised by the Board to obtain, at the expense of the company, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the expense of the company, of outside parties with relevant experience and expertise if it considers this necessary.
- 3.3 The Committee shall maintain direct lines of communication with the external auditors, the Chief Executive Officer, the Finance Manager, the internal auditors and with management generally including those responsible for non-financial risk management. The Chief Executive Officer and the Finance Manager shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the company, any material breakdown in internal controls, and any material event of fraud or malpractice.

#### **4. AUTHORITY**

- 4.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information from any employee. All employees will be directed to co-operate with any request made by the Committee.

## **5. MEETINGS**

- 5.1 The quorum of members of the Committee shall be two (2). A duly convened meeting of the Committee 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.
- 5.2 The Committee shall meet at least two (2) times a year having regard to CFS' reporting and audit cycle. Any member of the Committee, the Chief Executive Officer, the Finance Manager or the external auditors may request for a meeting at any time if they consider it necessary.
- 5.3 Any member of the Committee or Management may request for a meeting at any time if they consider it necessary.
- 5.4 The Committee may invite Management including the Chief Executive Officer, Finance Manager, and the external and internal auditors, as it considers necessary to provide appropriate information and explanations.
- 5.5 At least once a year the Committee shall meet with the external and internal auditors in the absence of any company executives.
- 5.6 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be given to the members of the Committee prior to the meeting in a timely manner.
- 5.7 The proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, shall be duly minuted.
- 5.8 After each Committee meeting, the Chairperson shall report the Committee's findings and recommendations to the Board.
- 5.9 Minutes of Committee meetings shall be circulated to all members of the Committee, Management and the CFS Board.

## **6. TERMS OF REFERENCE**

- 6.1 CFS Management will review, adjust and seek approval for the terms of reference when necessary to ensure that they remain relevant.

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