

# ARFC Terms of Reference

(as agreed by the Board on 5<sup>th</sup> December 2016)

The Board of Asthma Society of Ireland has constituted and established an Audit Risk and Finance Committee (the Committee). The remit of the Committee extends to the total activity of the Company. The Company Board has determined that the authority, responsibility, and specific duties of the Committee are as described below.

## 1. Membership

The Committee shall be appointed by the Board and comprise a minimum of three non-executive Directors. At least one of the Directors must one qualified accountant and / or be a professionally qualified accountant.

Appointments to the Committee shall be for a period of up to three years, which may be extended for one further period of 3 years..

The Committee Chairperson shall be appointed by the Board. The Chairperson of the Board may serve on the Committee but may not chair the Committee.

At least one member of the Committee should have significant, recent and relevant financial experience (qualified accountant and / or professionally qualified accountant).

The Committee may appoint someone to be the Secretary to the Committee and the appointee may or may not be the Company Secretary.

Other Board members who are not executives or employees of the Society may attend meetings.

The Chief Executive Officer (CEO) and other officials, while not members of the Committee, will normally at the invitation of the Chairman, attend meetings.

Where the Committee members do not have sufficient knowledge or experience in a relevant area, it may invite outsiders with the relevant experience to attend meetings. With the approval of the Board, they may also be invited to become members of the Committee.

## 2. Authority

The Committee is granted the authority to investigate any activity within its terms of reference and all employees are directed to cooperate as requested by members of the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and/or services as necessary to assist the Committee.

The Committee shall report to the Board any suspected significant frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention. The Committee does not have decision making powers.

## 3. Responsibility

The Committee is to serve as a focal point for communication between other Directors, the external auditors, the internal auditors (if any) and management as their duties relate to financial and other reporting, internal controls, risk management, and the external and internal (if any) audits. The Committee is to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying themselves as to the effectiveness of the Company's internal controls and as to the sufficiency of the external and internal audits (if any).

#### **4. Meetings**

The Committee should meet at least four times per year. Additional meetings should be held as the work of the Committee demands.

A Committee shall meet at the discretion of the Committee Chairperson. Every effort will be made to give seven days' notice of the meeting to members of the Committee but in any event not less than three days' notice will be given in writing. However, if all members of the Committee entitled to attend the meeting agree to accept shorter notice, a meeting may be called at such short notice.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

An agenda of the business proposed for the meeting shall be circulated with the notice. The Chairperson of the Committee, in consultation with the Secretary of the Committee, shall determine the items for the Agenda.

#### **5. Attendance**

As necessary or desirable, the Chairperson may request that members of the Board, management and representatives of the external auditors be present at meetings of the Committee.

At least once a year, the members of the Committee shall meet separately with the external auditors, without executive Board members or other employees of the Company present, to ensure that there are no unresolved issues of concern.

#### **6. Quorum**

The quorum for a meeting of the Committee shall be the number nearest to but not less than one-half of the number of members of the Committee entitled to be present at the meeting.

Any member of a Committee may participate in a meeting conducted wholly or partly by teleconference means whereby the persons participating in the meeting can hear each other speak (and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting).

#### **7. Resolution**

No resolution passed at any meeting shall be deemed passed unless a simple majority of the Committee present and voting at such meeting shall have voted in favour of such resolution. Where there is an equality of votes, the Chairperson of the meeting shall have a second or casting vote.

#### **8. Minutes**

Minutes of each meeting should reflect information presented, decisions taken and action items. Minutes should reflect a record of attendance at the meeting. Minutes should also reflect the agenda. Draft minutes of each Committee meeting are to be prepared and sent to the Chairperson of the Committee for review within ten days of the meeting.

The draft minutes, as reviewed by the Chairperson, shall be circulated with the papers for the next meeting of the Committee. The minutes of each meeting of the Committee should be approved at the next meeting of the Committee and signed by the Chairperson. The approval and the signing by the Chairperson should be recorded in the minutes of that next meeting.

The Secretary shall be responsible for keeping minutes of all meetings.

#### **9. Specific Duties**

The Committee should carry out the duties below as appropriate:

## **9.1 Financial Reporting**

- 9.1.1. Have familiarity, through the individual efforts of its members, with the financial reporting principles and practices applied by the Company in preparing its financial statements.
- 9.1.2. Review the accounting principles and practices adopted by the Company in the preparation of its financial statements.
- 9.1.3. Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgements.
- 9.1.4. Review any interim financial report, which is for public release, prior to approval by the Board.
- 9.1.5. Review the Annual Report and Financial Statements prior to their approval by the Board.
- 9.1.6. Review the draft representation letter to the auditors prior to approval by the Board.
- 9.1.7. Review the annual budget before it is presented to the Board for approval. In particular, ensure that the proposed budget meets the Society's requirement for financial stability and reflects the decisions of the Board in relation to strategy and activities.
- 9.1.8. At least quarterly, review the management accounts and monitor performance against budget and against relevant performance ratios.
- 9.1.9. Monitor compliance in relation to restricted funds.
- 9.1.10. Ensure that Board decisions on income and expenditure are implemented.
- 9.1.11. Review the balance sheet and cash situation to assess the financial stability of the Society, with due regard for the need to maximise the return on surplus cash.

## **9.2 Internal Audit (if established)**

- 9.2.1 Approve the appointment or removal of the Head of Internal Audit.
- 9.2.2 Consider and approve the internal audit charter.
- 9.2.3 Consider and approve the Company's strategic and annual internal audit plans.
- 9.2.4 Review the scope and results of internal audit procedures.
- 9.2.5 Receive and consider the reports of the internal audit department and the recommendations made for follow-up action.
- 9.2.6 Receive and consider reports from management regarding progress in implementing agreed internal audit recommendations.
- 9.2.7 Review the internal audit function to ensure that adequate attention is paid to value for money auditing.
- 9.2.8 Review and ensure the adequacy of the resources of the internal audit department.

9.2.9 Review and assess the performance and effectiveness of the internal audit department and of the Head of Internal Audit.

### **9.3 External Audit**

9.3.1 Prior to its commencement, review the scope of the external audit, including the engagement letter. The Committee's review should include an understanding from the external auditors of the factors considered by them in determining their audit scope. The external auditors' fee is to be negotiated with management and analysed annually for the Committee's review.

9.3.2 Consider the performance of the external auditors, the audit fee, and any questions of their resignation or dismissal.

9.3.3 Review the extent of non-audit services provided by the external auditors in relation to their independence.

9.3.4 Evaluate the cooperation received by the external auditors, including their access to all requested records, data and information. Also, obtain the comments of management regarding the responsiveness of the external auditors to the Company's needs. Inquire of the external auditors as to whether there have been any disagreements with management which if not satisfactorily resolved would result in the issue of a qualified report on the Company's financial statements.

9.3.5 Discuss with the external auditors any relevant recommendations arising from the audit. Review the management letter (Performance Improvements Observations) including management's responses to the points raised.

9.3.6 Review and assess the performance of the external auditors and periodically conduct a process of tendering, assessment of independence and appointment of external auditors in line with best practice.

### **9.4 Risk Management, Compliance & Internal Control**

9.4.1 Review reports on the assessment of significant risks facing the Company and framework of internal controls designed to mitigate such risks.

9.4.2 Review with the Company's management, external auditors and internal auditors (if any), the adequacy of the Company's policies and procedures regarding internal controls and risk management.

9.4.3 Discuss with management the scope and quality of systems of internal control and the risk management framework.

9.4.4 Review and approve the statements to be included in the Annual Report concerning internal control and risk management.

9.4.5 Review the findings of investigations into any suspected significant frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations.

9.4.6 Receive and review reports detailing the status of compliance issues that arise.

9.4.7 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.

9.4.8 Review the process for communicating the Code of Conduct to Company personnel, and for monitoring compliance therewith.

## **9.5 Reporting**

- 9.5.1 Apprise the Board of significant developments in the course of performing the above duties.
- 9.5.2 Recommend to the Board any appropriate extensions or changes in the duties of the Committee.
- 9.5.3 After each meeting, the Chairperson of the Committee shall report to the Board on the business conducted at the meeting. The Chairperson may present his report in the form of a written Committee of the Board Report which should reflect the key points in the minutes of the Committee meeting.
- 9.5.4 The Committee's duties and activities during the year shall be disclosed in the annual financial statements.

## **9.6 Whistleblowing**

- 9.6.1 Ensure that proper arrangements are in place by which staff of the organisation may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- 9.6.2 Ensure that there are arrangements are in place for independent investigation of such matters and for appropriate follow-up action.
- 9.6.3 Receive a report every six months from the Protected Disclosures Manager on the number and type of disclosures received, the actions taken, any breaches of confidentiality or of penalisation and the actions taken to remedy these and a statement on awareness and training on the policy.
- 9.6.4 At least every three years, monitor the effectiveness of the policy and review it against best practice. Propose any amendments considered necessary to the Board for approval.

## **9.7 Other Matters**

The Committee shall:

- 9.6.1 Promote the understanding of audit's function and status within the organisation.
- 9.6.2 Monitor, on behalf of the Board, the implementation of the Codes of Conduct for the Directors.
- 9.6.3 Monitor the implementation of the Codes of Conduct for staff.
- 9.6.4 Review the Company's arrangement for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting or other matters.
- 9.6.5 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 9.6.6 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

9.6.7 At least once a year review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

9.6.8 At least once a year to go through annual review exercise to ensure that we maintain full compliance with the Governance Code for Community and Voluntary Organisations and CRA.