

## **Item #4.2: Terms of Reference of the Finance & Audit Committee of the I-DAIR Board**

### **1. Purpose**

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1.1 The Board has established a Finance and Audit Committee that shall advise and make recommendations to the Board, in their responsibilities for ensuring the adequacy of risk management, internal control and governance arrangements, and that funds are used efficiently and effectively.

### **2. Functions**

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2.1 The Committee has two functions:

- o an audit function, with a focus on assurance arrangements over: financial reporting, annual report and financial statements
- o a risk assurance function, with a focus on ensuring there is an adequate and effective risk management and assurance framework in place

2.2 The Committee will review and advise the Board on:

- o the strategic processes for risk management and control
- o the adequacy of the organisation's arrangements relating to the control requirements for the management of risk
- o the planned activity and results of external audit and the adequacy of management response to issues identified by audit activity. This includes external audit's management letter assurances relating to the management of risk and corporate governance requirements for the organisation
- o the performance of external audit services,
- o the organisation's policies for counter-fraud, whistle-blowing and cyber and information security
- o up-holding standards of propriety in the organisation's business and achievement of value for money

2.3 The Committee will, after review and consideration, recommend to the Board that they approve the Annual Budget. It will also review any subsequent revisions of the budget and forecasts and keep under review the evolution of the funding, including donor pledges and contributions.

2.4 The Committee will, after review and consideration, recommend to the Board that they approve the Annual Report and financial statements. In doing so, the Committee should satisfy itself that the audited annual financial statements represent fairly the financial position of the organisation, and in particular consider the following:

- o that the accounting policies and any significant estimates or judgements in place are appropriate and comply with relevant requirements, particularly the Swiss Code of Obligations
- o that there has been a robust process in preparing the accounts and annual report and they have been subject to sufficient review by management and the CEO
- o whether issues raised by the External Auditors have been given appropriate attention

It will further make recommendations to the Board on the appointment of the external auditors.

### **3. Membership**

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3.1 The Committee shall comprise three members. Appointments to the Committee, including the Committee Chair, are made by the Board on the recommendation of the Chair of the Board.

3.2 Committee members will collectively possess knowledge and skills in accounting, risk management, audit, financial governance and technical issues relevant to the business and strategic management of the organisation. At least one Committee member shall be suitably financially qualified and have recent and relevant financial experience.

3.3 The Board may appoint an independent external member (selected through open competition) for a period up to three years to provide specialist skills, knowledge and experience.

3.4 Committee meetings will be attended by the Chief Executive and a designated staff member, by request, as appropriate. Other staff may be invited to attend the Committee, as required.

### **4. Secretary**

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4.1 The Board Secretary, or their nominee, will act as secretary to the Committee with responsibility for co-ordinating its business and servicing its meetings.

### **5. Frequency of meetings**

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5.1 The Committee will meet at least bi-annually at appropriate times in the reporting and audit cycle.

5.2 In addition to its scheduled meetings, further meetings of the Committee may be called at the request of the Chair of the Committee, the CEO or the Chair of the Board.

### **6. Notice of meetings**

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6.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of the items to be discussed and any relevant papers, shall be sent to Committee members and all other persons required to attend no later than 4 working days before the date of the meeting.

### **7. Minutes of meetings**

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7.1 The secretary will arrange for a record of the proceedings of each meeting to be made, including the names of those present and in attendance and any declarations of conflict of interest.

7.2 Draft minutes of the meetings shall be circulated within 10 working days of the meeting taking place to the Chair of the Committee. The minutes will then be submitted for approval by the Committee at its subsequent meeting.

## **8. Reporting**

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8.1 The Chair of the Committee (or designated representative) shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. This will include any matters of which the Board should be aware, or which require further consideration by the Board.

8.2 The draft minutes of each Committee meeting will be included in the document pack for the next available Board meeting.

8.3 The Committee will also maintain a rolling forward agenda of about one year which will be reported to the Board on a regular basis.