

## **AUDIT AND RISK COMMITTEE**

### **Terms of Reference**

#### **Purpose**

Provides oversight to ensure that key risks are being identified and addressed and that the IFoA adopts a sound approach to financial management and reporting.

#### **Key Responsibilities**

##### **1. External Auditors**

- a. Agrees, for approval by Council subject to confirmation by a membership vote, the appointment of the external auditor and their fees.
- b. Reviews any non-audit services provided by the external auditor to ensure this provision does not impair the external auditor's independence or objectivity.
- c. Discusses with the external auditor, before audit commences, the nature and scope of the audit, and reviews the external auditor's quality control procedures and steps taken by the external auditor to respond to regulatory and other requirements.
- d. Reviews the external auditor's recommendations and management letters together with management's response.
- e. Monitors the performance of the external auditor.

##### **2. Financial Statements**

- a. Reviews the annual financial statements and challenges where necessary the actions and judgements of management in relation to them before submission to 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 transaction in the year and how such transactions are disclosed.
  - iv. The clarity of disclosures.
  - v. Significant adjustments resulting from the audit.
  - vi. The going concern assumption.
- vii. Compliance with accounting standards and other legal requirements.
- b. Reports to Management Board and to Council on the appropriateness of the annual financial statements.

##### **3. Internal Auditors**

- a. Appoints the internal auditor and reviews the internal auditor's performance.
- b. Agrees the annual internal audit plan and the internal auditor's fees.
- c. Reviews reports from the internal auditor and management's responses to those reports.
- d. Discusses with the Management Board the effectiveness of the internal audit arrangements.

#### **4. Risk Management**

- a. Reviews the approach to the identification of the key risks that might affect the achievement of strategic objectives, how these risks are being monitored and the steps that are taken to mitigate those risks.
- b. Reviews management's reports on the effectiveness of systems of internal financial control, financial reporting and risk management.
- c. Reviews the statement on internal control systems (part of the corporate governance statement) prior to endorsement by Council and reviews the policies and processes for identifying and assessing strategic and operational risks and the management of those risks by the IFoA.
- d. Reviews the procedures for handling allegations from whistle-blowers.
- e. At the discretion of the Chief Executive and the Chair of the Audit and Risk Committee, receives and considers the results of any investigations of allegations of fraud or corruption carried out under the Fraud Response Policy.
- f. Reviews the procedures for handling offers of gifts and hospitality.
- g. Gives feedback on staff procedures and policies related to internal controls.

#### **5. Governance**

- a. Reviews changes to the governance structure and framework.
- b. Complies with the Governance Manual.

### **Membership**

**Chair:** Iraj Amiri

**Executive Support:** Corporate Secretary

The Committee shall comprise four members:

- 1. A lay chair
- 2. One additional lay member
- 3. Two members of Council.

### **Specific Procedural Rules**

- 1. A quorum comprises three members of the Committee, including at least one lay member.