

## **IPS Audit & Finance Committee**

### **Terms of Reference**

#### **1.0 Purpose**

- 1.1 The purpose of the IPS Audit & Finance committee (AFC) is to review, challenge and scrutinise the financial position of IPS with respect to the annual budget and financial statements and recommend appropriate action to the Board of Trustees. In addition, it reports to the Board of Trustees on risk, internal control and governance matters.

#### **2.0 Accountability**

- 2.1 The AFC is accountable to and will report to the IPS Board of Trustees.

#### **3.0 Main functions of IPS Audit & Finance Committee**

##### **Duties and Responsibilities of the Chair:**

- 3.1 Convening Committee meetings and designating the times and places of those meetings.
- 3.2 Ensuring Committee meetings are duly convened and that quorum is present when required.
- 3.3 Working with the secretariat on the development of agendas and related materials for the Committee meetings.
- 3.4 Ensuring Committee meetings are conducted in an efficient, effective and focused manner.
- 3.5 Ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required.
- 3.6 Providing leadership to the Committee and assisting it in reviewing and monitoring its responsibilities.
- 3.7 Reporting to the Board on the deliberations and recommendations of the Committee.
- 3.8 Monitoring compliance by the Committee of its duties and responsibilities as contained in the Committee Terms of Reference.

##### **Other Duties of the Chair:**

- 3.9 Together with the IPS President, signs the Engagement Letters for the Bank's annual audit.

- 3.10 Reviews the expenses filed by the IPS credit card holders and reports to the Committee regarding such review, to enable independent scrutiny.
- 3.11 Acts as the contact for IPS Full/Associate or other forms of Membership who wish to make an appeal to the Board under the IPS Declaration of Interests policy or complaint under any policy adopted with regard to business conduct or ethics. The AFC would then inform the President following any referrals.
- 3.12 Together with the President and another director as determined by the Board, signs the year-end audited Financial Statements.

**Duties and Responsibilities of the Committee Members:**

- 3.13 To scrutinise and make recommendations to the Board of Trustees concerning the financial management of IPS.
- 3.14 Review the IPS's annual and interim financial statements, review quarterly statements and make a recommendation to the Board with respect to the approval of the annual financial statements, as appropriate.
- 3.15 Oversee and ensure that the external and internal audit functions are carried out in an appropriate manner.
- 3.16 Review the adequacy of the IPS risk management, internal control and governance framework with respect to financial reporting.
- 3.17 To review the operating business plan and annual budget developed by the MEG and make recommendations to the Board of Trustees.
- 3.18 Scrutinise the IPS's financial management including the Strategic Plan, the financial plan, the annual budget and expenditure reporting.
- 3.19 Scrutinise the IPS's Investment Portfolio on behalf of the Board of Trustees including undertaking an annual review with the investment portfolio independent financial advisor.

**The Committee shall have the following specific duties:**

**Financial Statements:**

- 1. Review as appropriate with the external auditors of the IPS (the 'External Auditors') and with the IPS staff team, the IPS's annual and interim financial statements and the associated audit or review report thereon and (i) as appropriate, approve the interim financial statements and (ii) recommend to the Board, as appropriate, the approval of the annual financial statements.
- 2. Review the overall format, presentation and content of the financial statements, including changes in significant accounting policies where recommended by the External Auditors or the IPS staff team.
- 3. Review significant issues that could affect the financial statements including but not limited to issues related to emerging generally accepted

accounting principles where recommended by the External Auditors or IPS staff team.

4. Review areas of significant management judgement or estimates within the financial statements and the underlying assumptions contained within such judgements.
5. Review with the External Auditors any comments and conclusions on the items of audit significance arising from their annual audit or interim reviews of the financial statements.
6. Advise the Board that the External Auditors have completed their annual audits and the IPS staff team have filed the related audit reports associated with the Charity Commission and Government agencies.
7. Recommend to the Board for approval as appropriate, the form of statement of accounts.

### **Engagement of External Auditors and Setting of Remuneration**

1. Review the audit plan and terms of engagement of the External Auditors for the annual audit and review engagements of IPS's financial statements as recommended by the IPS staff team and report and recommend to the Board the terms of engagement of the External Auditors as well as the related remuneration to be paid.
2. Review and recommend for approval by the Board, the scope, terms of engagement and remuneration to be paid to the External Auditors for any special audit requests. Review, as required, the results of the work performed.
3. Assess the continuing independence of the External Auditors including a review and pre-approval of non-audit services, if any, performed by them for the IPS.
4. Meet privately with the External Auditors at least annually. Additional private meetings maybe held as often as the Committee deems necessary or at the request of the External Auditors.

### **Oversight of the Internal Audit Function**

1. Review and approve the annual internal audit plan used by the IPS staff team in the management of IPS business affairs.
2. Review an annual internal audit report provided by the IPS staff team and any interim update.
3. The Chair to meet privately with the IPS Financial Controller at least quarterly. Additional private meetings may be held as often as the Committee deems necessary or at the request of the IPS Financial Controller.
4. Monitor the independence and effectiveness of the IPS staff team audit function on behalf of IPS in conformance with industry standards of practice.

## **Risk Management, Control and Governance**

1. The A & F Committee has a role in the determination and recommendation of approval to the Board of a governance and risk strategy and approach.
2. Review annually the adequacy of the IPS's risk management, control and governance framework with respect to financial reporting, including the internal accounting controls and financial and operating procedures.
3. Review annually the adequacy of the IPS's process for identifying, assessing and managing risks relating to financial reporting.
4. Review and advise on matters related to the Committee's mandate as may be requested from time to time by the President or Vice President.

## **Finance**

1. Review and scrutinise annually the planned expenditures and recommend approval of a budget from MEG to the Board which effectively becomes the spending authority for the IPS. Where invited to consider the Board's recommendations for additional resources from time to time.
2. Review and monitor throughout the year the actual expenditures in relation to the approved budget.
3. Review and provide advice on budget matters and other issues related to revenues and expenditures as may be requested from time to time by the President or the Board.
4. Report to the Board of Trustees on any proposed write-offs and bad debts and recommend appropriate action. Any debts exceeding one year from the original invoice date should be considered for a write-off when clear evidence of at least 3 documented attempts to recover the amount have been made over a time period from 3 months of the original invoice date and no satisfactory response has been received or clear indication of mitigating factors, except for in exceptional circumstances as agreed by MEG.

## **Other Duties**

1. Review its terms of reference on an annual basis and recommend any changes to these documents to the Board.
2. Consider any other matter properly referred to the Committee by the IPS President, the Vice President, the Treasurer, , the IPS Financial Controller / staff team for review or recommendation to the Board, including the oversight of any relevant investigation or inquiry to be undertaken by the Committee in accordance with any policy or procedure of the IPS.
3. Assign, at its discretion, a specific subject for further discussion to a subcommittee of the Committee.
4. Meet separately with such others as may be deemed necessary by the Committee.

## **4.0 Membership**

- 4.1 The AFC shall be comprised of not less than four (4) Trustees (the “members”) of the IPS:
  - Three trustees, one of whom must have finance expertise
  - Treasurer
  - Financial Controller of IPS
  - Chief Executive Officer
- 4.2 All members of the Committee shall be financially literate or have a willingness to become sufficiently financially literate in a reasonable amount of time to undertake their role as a Committee member.
- 4.3 The Chair of the Committee shall be designated by the Board from among the members of the Committee. The Board may remove or replace any member at any time. A member shall hold office until the Board member resigns, is replaced or removed or ceases to be a director, whichever first occurs.
- 4.4 The President, Vice President and shall receive notice of, and shall be entitled to attend, meetings of the Committee, provided that the Committee may meet in camera at its discretion.
- 4.5 All decisions of the Board regarding membership and Chair of this Committee shall be made annually by the Board.
- 4.6 Attendance by non-members is not ordinarily expected. All members will receive the meeting documentation.
- 4.7 Board members will receive copies of the minutes of meetings of the Committee.

## **5.0 Meetings**

- 5.1 The Committee shall convene at such times and places designated by its Chair or whenever a meeting is requested by a member. A minimum of 5 working days written notice of each meeting shall be given to each member.
- 5.2 The Committee shall meet as often as it deems appropriate to fulfil its mandate but not less than 4 times per annum.
- 5.3 A quorum at a meeting shall consist of a majority of members. Members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- 5.4 The Committee may, on the request of its Chair, make decisions via a consent resolution which shall be executed by all voting members of the Committee and be deemed a decision of the Committee having full effect with respect to the subject matter.

- 5.5 In the event of the absence of the Chair or at the request of the Chair, a meeting shall be chaired by such person as may be designated by the Chair in advance of such meeting or in the absence of such delegation, by such person as may be agreed at the meeting.
- 5.6 Where appropriate, individual members of the Committee may meet separately with any member or Full Member/s of the IPS or with the staff team.
- 5.7 The IPS Governance and Engagement Manager shall act as Secretary to the Committee.
- 5.8 The minutes of the Committee meetings shall be duly entered into the records of the IPS.

## **6.0 Financial arrangement**

- 6.1 Reasonable expenses incurred by AFC members while on IPS business will be paid in line Standard Operating Procedure (SOP).
- 6.2 No financial remuneration will be paid in relation to any IPS voluntary role in line with Charity Commission guidelines.

## **7.0 Confidentiality**

- 7.1 Meetings are confidential and private.