

Concern Worldwide Audit and Risk Committee - Terms of Reference

Membership

The number of Board members elected to the Audit and Risk Committee will be at least 3, at least 1 member (preferably the Chairperson) should have relevant financial experience. The elected members of the Committee will select a Chairperson from amongst their number. They may also co-opt a maximum of 5 additional individuals with expertise to join the Committee. Such co-optees need not be members of the Board or of Concern, if practical they will however include a member of the Board of Concern Worldwide (UK). The term of office of a co-optee is 3 years.

If a Board member stands down from the Audit and Risk Committee they may only be replaced by another Board member. If a co-opted member stands down from the Audit and Risk Committee they may be replaced either by a Board member or a co-opted individual.

Meetings

Meetings are held on at least a quarterly basis and special meetings may be held to consider particular issues. The quorum for meetings is 3 members of the Committee, at least 1 of the members forming the quorum must be a Board member.

The COO, Finance Director, International Programmes Director and Internal Audit Manager are all fixed invitees. Other members of Concern management and staff may attend as deemed appropriate by the Chairperson.

Role

The function of the Committee is to oversee the process whereby the organisation identifies and manages the major risks it faces and to continuously review the quality of its control systems. The Committee gives comfort to Board/ and donors that funds are properly used, effectively controlled and reported. The Committee also champions good corporate standards relating to controls and effective use of funds/resources.

Tasks

In order to do this the Committee fills a number of essential tasks:

1. Review of risk identification and risk management policies
 - Ascertain whether appropriate procedures are in place for identifying the significant risks to which the organisation is exposed.
 - Liaise with the other Committees of the Board in order to assign them the risks identified during the annual risk review, which come within each Sub-Committees' area of competence.

2. Planning/monitoring of internal audit process
 - Review and approve the internal audit plan.
 - Input into the internal audit programme.
 - Review of internal audit findings.
 - Review the adequacy of the internal audit function (including staffing, capacity and resources).

3. Examination of relevant issues critical to Concern's well-being

- Examine any issue regarded by the Audit and Risk Committee as critical to Concern's well-being, and seek information in this regard from any employee.
- Consider any other topics as requested by the Board.
- Consider any major findings from internal audits, and review Concern's responses.

4. Internal Fraud and Whistle-blowing

The Committee shall ensure that the organisation has adequate procedures in place in relation to internal fraud/whistle-blowing and that these policies are both appropriately implemented and effective.

5. Review of external audit function

This work is carried out in conjunction with the Finance Committee. The broad split of tasks in this regard will be as follows:

- a) The two Committees will meet jointly with the auditors and management in order to:
 - Agree with the external auditor the nature and scope of the external audit.
 - Review statutory accounts and audit reporting, focussing on significant adjustments arising from the audit.
 - Review problems and issues arising from the statutory audit.
 - Review the auditor's management letter and company response.
- b) The Finance Committee will have responsibility for:
 - Reviewing changes in accounting policies and practices.
 - Reviewing major judgmental areas in the statutory accounts.
 - Reviewing the going concern assumption, the compliance with accounting standards, and compliance with legal obligations.
- c) The Audit and Risk Committee will have responsibility for:
 - Reviewing Concern's statement on internal controls in the statutory accounts, prior to Officer approval of these accounts.
 - Monitoring and reviewing the independence, objectivity and effectiveness of the external auditors.
 - Recommending to the Board any change in external audit provider and approving the remuneration and engagement of the external auditor.
 - Developing and recommending policy on the supply of non-audit services by the external auditor, taking account of ethical guidelines in this regard.

In order to effectively carry out the role, the Committees will have access to relevant Concern staff for information/clarification as required.

As part of the review process (of the external audit and annual report) the Finance Committee and the Audit & Risk Committee will gain assurance from management that all relevant information has been supplied to the auditors and that in the view of

management the annual accounts are a fair representation of the financial results and position of Concern. This assurance will be in the form of a written statement signed by the CEO.

6. Review of audits conducted by third parties

The Committee will receive an annual summary of the external audits to which different parts of the organisation have been subject. This will include, donor/statutory/regulatory audits and any other reviews or investigations conducted by third parties. In each case the review will detail:

- The body commissioning the audit
- The reason
- Any major findings
- Broader implications – if any

The purpose of this summary will be to ensure that the Committee has an overview of all major issues arising and so that it can identify any general issues that recur across the full spectrum of audits to which we are exposed.

7. Oversight of the Strategic Plan

The Committee has not been assigned responsibility for overseeing the implementation of any of the strategic goals and objectives by the Board during this current year. For each objective that may in future be assigned to it the Committee will aim to:

- Obtain and evaluate management's plans for delivery of the objective.
- Review actual performance in executing the plans on a periodic basis.
- Reflect its conclusions regarding the effectiveness of implementation in its reports to the Board.

8. Oversight of Organisational Policies

The Committee will have responsibility for overseeing the implementation of the organisational policies assigned to it in the paper titled *Report from the Working Group on Board Committee Structure*. For each policy assigned to it the Committee will periodically evaluate whether:

- Management has complied with the policy as stated and what challenges have been encountered in doing so.
- The policy itself remains relevant and fit-for-purpose and where there are shortcomings oversee a review process.

The Committee may also request that management review any existing policies - or develop any new ones - that it feels to be necessary to ensure that the organisation has adequate control systems.

9. Evaluate Committee's own performance

At the end of each Board year i.e. in May/June, the Committee will undertake an exercise to reflect on how well it has fulfilled its mandate and to consider whether different approaches/information/practices may be required in order to meet its overall objective.

External/Specialist Advice

The Committee may seek any legal or other independent advice, with prior notification to the Chairperson of Concern, or in his/her absence, from the Company Secretary, which it considers necessary to discharge its obligations. If it is felt that such advice is required, it will be sourced in conjunction with the Company Secretary function within Concern Worldwide.

Reporting

The Chairperson of the Audit and Risk Committee reports to the Board on its work and reports at least annually to the Board on the risk and internal audit function. As part of the statutory audit review process the Finance and Audit and Risk Committees will have a joint meeting with the external auditors.

The Audit and Risk Committee will provide each Board meeting with a written report of the work which they have carried out since the last meeting. This report must be submitted to the Chief Executive's office no later than 10 days before a Board meeting in order to facilitate the timely distribution of Board papers.

The Chairperson of the Audit and Risk Committee is responsible for ensuring that accurate minutes are maintained of each meeting and that a signed copy of the most recently adopted minutes are held by the Chief Executive's office.

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