



INTERNATIONAL
NETBALL
FEDERATION

Audit and Finance Committee – Terms of Reference

1. Purpose

The Board of Directors has established an Audit and Finance Committee, (the committee) the main role and responsibilities of which include:

- 1.1 monitoring the integrity of the company's financial statements and other financial information, and reviewing significant financial reporting judgements contained in them;
- 1.2 appraising the integrity of the company's internal financial controls and their operation and ensuring appropriate risk management systems are in place;
- 1.3 making recommendations to the Board on the appointment, re-appointment and removal of the auditors;
- 1.4 approving the remuneration and terms of engagement of the auditors;
- 1.5 monitoring and reviewing the auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 1.6 advising the Board on the engagement of the auditors to supply non-audit services, taking into account relevant ethical guidance;
- 1.7 reviewing and agreeing the annual budget and cash flow projections before they are submitted to the Board for approval;
- 1.8 approving all investment advice before it is presented to the Board;
- 1.9 recommending to the Board any financial formulas covering member subscriptions, event distributions and other allocations;
- 1.10 advising the Board on all corporate governance and compliance processes to ensure they reflect current best practice;
- 1.11 assessing the adequacy and security for employees to act as 'whistle-blowers' in reporting financial improprieties and whether arrangements are in place for the investigation and follow-up of complaints;
- 1.12 considering other financial and allied matters referred to it by the Board.

2. Membership

- 2.1 The committee members shall be appointed by the Board, in consultation with the committee chairman. The committee shall comprise of at least three members.
- 2.2 All members of the committee shall be independent, at least one of whom shall have recent and relevant financial experience. The President and Chairman of the Board shall not be members of the committee.
- 2.3 Only members of the committee have the right to be present at committee meetings. However, other individuals may be invited by the committee to attend for specific agenda item(s) or for a particular part of a meeting, as and when appropriate and necessary.
- 2.4 The auditors will be invited to attend meetings of the committee at least annually.
- 2.5 Appointments to the committee shall be for a period of up to four years, which may be extended to three four year periods, provided the Board so agree.
- 2.6 The Board shall appoint the committee chairman. In the absence of the committee chairman, the remaining members present shall elect one of themselves to chair the meeting.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the committee at which a quorum is present shall be competent to implement all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4. Authority

The committee is authorised by the Board to:

- 4.1 seek any information it requires from any employee, consultant or committee/panel members of the company in order to perform its duties and all such persons are directed to co-operate with any request made by the committee;
- 4.2 obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 4.3 call any employee, consultant or member of a committee/panel to be questioned at a meeting of the committee, as and when required;
- 4.4 have published in the company's annual report details of any issues that cannot be resolved between the committee and the Board.

5. Frequency of Meetings

- 5.1 The committee shall meet at least three times a year at appropriate times in the reporting and audit cycle, and otherwise as required.

6. Secretary

- 6.1 A member of the INF Secretariat shall act as the secretary of the committee.
- 6.2 The INF Secretariat will be responsible for:
- preparing quality assured briefing papers on agenda items and matters referred to the committee;
 - producing and circulating draft minutes of all meetings of the committee to committee members within twenty working days;
 - maintaining an action log;
 - preparing notes for the Committee Chairman's report to the Board;
 - circulating agreed minutes to all members of the committee and Board members;
 - compiling a report on the work of the committee to be included in the annual report to members.

7. Notice of Meetings

- 7.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or at the request of the auditors if they consider it necessary.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded so they are received by each member of the committee at least five working days before the date of the meeting. At the same time, all supporting papers shall be sent by e-mail or first class post to each member of the committee.
- 7.3 Save in exceptional circumstances (as determined by the committee), any paper received less than five days before a meeting shall be deferred until the following meeting.

8. Minutes of Meetings

- 8.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 8.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflict(s) of interest and minute them accordingly.

8.3 Minutes of committee meetings shall be circulated promptly (within 20 working days) to all members of the committee and, once agreed, to Board members.

9. Annual General Meeting

9.1 The chairman of the committee shall attend the INF Annual General Meeting/Biennial Congress and be prepared to answer any member questions on the committee's activities.

10. Duties

10.1 Financial Reporting

10.1.1 The committee shall monitor the integrity of the financial statements of the company, including its quarterly, half-yearly and annual accounts; reviewing significant financial reporting issues and considering the use of accounting estimates and judgements contained therein;

10.1.2 The committee shall review and consider the statutory accounts, together with the completed notes thereon and the management information schedules, both before and after the audit.

10.1.3 The committee shall review, and challenge where necessary, the actions and judgements of management in relation to the annual financial statements, paying particular attention to:

10.1.3.1 the consistency of, and any changes to, accounting policies and practices;

10.1.3.2 the methods used to account for significant or unusual transactions where different approaches are possible;

10.1.3.3 the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;

10.1.3.4 whether the company has followed appropriate accounting standards and related guidance and made appropriate estimates and decisions requiring judgements, taking into account the views of the auditors;

10.1.3.5 the clarity of disclosures in the company's financial statements and the context in which they are made;

10.1.3.6 the going concern assumption;

10.1.3.7 all material information presented with the financial statements and annual report, such as whether a fair, balanced and understandable assessment of the company's position and prospects is being presented or whether the corporate governance statement relating to the audit and risk management is correct.

10.2 Internal Controls and Risk Management Systems

The committee shall:

10.2.1 keep under review the adequacy and effectiveness of the company's internal financial controls and its management of risk;

10.2.2 consider and approve the statements to be included in the annual report concerning internal controls and risk management systems; and

10.2.3 review areas of risk referred to it by the Board.

10.3 Whistle-blowing and Fraud

The committee shall:

10.3.1 review the adequacy and security of the company's arrangements for its employees, contractors and committee/panel members to raise concerns, in confidence, about

possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

10.3.2 review the company's procedures for detecting fraud and irregularity;

10.3.3 keep under review the company's systems and controls for the prevention of bribery; and

10.3.4 advise the Board on arrangements for any special investigations.

10.4 Audit

The committee shall:

10.4.1 consider and make recommendations to the Board, in relation to the appointment, re-appointment and removal of the company's auditors. The committee shall oversee the selection process for new auditors and if the auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required.

10.4.2 oversee the relationship with the auditors including (but not limited to):

10.4.2.1 approval of their remuneration, whether fees for audit or non-audit services, and that the level of fees is appropriate to enable an effective audit to be conducted;

10.4.2.2 review and agree the engagement letter issued at the start of each audit ensuring it has been updated to reflect changes in circumstances arising since the previous year;

10.4.2.3 reviewing and monitoring the auditor's independence and objectivity, and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;

10.4.2.4 developing and implementing procedures for the engagement of the auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the audit firm;

10.4.2.5 assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services;

10.4.2.6 satisfying itself that there are no relationships (such as family, employment, financial or business) between the staff of the auditors and the company (other than in the ordinary course of business);

10.4.2.7 agreeing with the Board a policy on the employment of former employees of the company's auditors, then monitoring the implementation of this policy;

10.4.2.8 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners and other related requirements for maintaining independence;

10.4.2.9 assessing annually the auditor's qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the auditors on their own internal quality procedures;

10.4.3 before each audit commences, discuss with the auditors the nature and scope of the audit;

10.4.4 after the audit, meet with the auditors at the reporting stage. For part of this meeting, the committee shall meet with the auditors, without management or any member of the INF Secretariat being present to discuss the auditors remit and any issues arising from the audit;

10.4.5 review the findings of the audit with the auditors. This shall include, but not be limited to, the following:

10.4.5.1 a discussion of any major issues which arose during the audit;

- 10.4.5.2 significant accounting and audit judgements;
- 10.4.5.3 the level of errors and control matters identified during the audit; and
- 10.4.5.4 the effectiveness of the audit.

The committee shall also

- 10.4.6 review the audit representation letter before it is signed;
- 10.4.7 consider the management letter and the adequacy of management's response to the audit findings and recommendations, before it is sent out;
- 10.4.8 review the implementation of agreed audit-based recommendations.

10.5 Reporting Responsibilities

The committee shall:

- 10.5.1 through its chairman, report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 10.5.2 make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- 10.5.3 approve the report on its activities, prepared by the INF Secretariat, to be included in the company's annual report to members;
- 10.5.4 report to the Board annually on how it has discharged its responsibilities.

10.6 Other Matters

The committee shall:

- 10.6.1 have access to sufficient resources in order to carry out its duties, including access to the INF Secretariat for assistance as required;
- 10.6.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 10.6.3 give due consideration to the company's compliance with laws, regulations and contracts as they affect the financial reporting requirements of its operational activities;
- 10.6.4 oversee any investigation of activities which are within its terms of reference;
- 10.6.5 at least every two years, 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;
- 10.6.6 review the annual budget and business plans prepared by the secretariat, before they are submitted for approval by the Board, and consider any revised annual forecasts prepared during the year;
- 10.6.7 take a leadership role in shaping the corporate governance of the company, including recommending to the Board governance principles, policies, regulations, standards, codes and practices that support the company's strategic priorities;
- 10.6.8 approve all investment advice before it is presented to the Board and ensure INF funds are managed so they form a stable financial base for INF development;
- 10.6.9 keep up to date on the principles and developments in financial reporting and related company law, and also best practice guidance on corporate governance;
- 10.6.10 consider any other matters referred to it by the Board.