



**INTERNATIONAL  
NETBALL  
FEDERATION**

## **Audit & Risk Committee – Terms of Reference**

**The Audit & Risk Committee** (the Committee) is authorised by the INF Board of Directors (the Board) to conduct its business in accordance with the Terms of Reference as set out below. The Board of Directors may review these at any time and, when appropriate, revise in accord with the changing requirements of INF. The Primary purpose of the committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to financial reporting, internal financial controls and risk management.

International Netball Federation Limited (INF) is fully committed to the principles of equality of opportunity and is responsible for ensuring that no employees, job applicants, office holders, volunteers, consultants or members of committees and panels are unlawfully discriminated against because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race religion or belief, sex and sexual orientation.

### **1. Composition and Membership:**

- 1.1. The Committee will consist of no fewer than three and no more than four members.
- 1.2. The Board will formally approve composition of the Committee and appoint additional members to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.
- 1.3. The Committee will consist of:
  - 1.3.1. at least two Directors one of whom shall have recent and relevant financial experience;
  - 1.3.2. one or more individuals who are not directors or management with relevant professional expertise including recent and relevant financial experience and to assist the Committee to fulfil its functions;
  - 1.3.3. The Chair of the Committee shall be a Director and be appointed by the Board. In the absence of the committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
  - 1.3.4. The President shall not be a member of the Committee.
  - 1.3.5. The auditors will be invited to attend meetings of the committee at least annually.
  - 1.3.6. 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. Responsibilities**

The Committee shall have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole.

The responsibilities of the Committee are:

#### **2.1. Financial Reporting**

- 2.1.1. The Committee shall monitor the integrity of the financial statements of the company and

review and report to the board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor.

2.1.2. In particular, the Committee shall review and challenge where necessary:

- 2.1.2.1. the consistency of, and any changes to, accounting policies; both on a year-on-year basis and across the group;
- 2.1.2.2. the methods used to account for significant or unusual transactions where different approaches are possible;
- 2.1.2.3. the clarity of disclosure in the company's financial reports and the context in which the statements are made;
- 2.1.2.4. whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; and
- 2.1.2.5. all material information presented with the financial statements (insofar as it relates to the audit, internal control and risk management).

2.1.3. The Committee shall review any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation.

2.1.4. Where the committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the Board.

## **2.2. Narrative reporting**

Where requested by the Board, the committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for members to assess the company's performance, business model and strategy.

## **2.3. Internal Controls and Risk Management Systems**

The committee shall:

- 2.3.1. at least once a year, monitor the effectiveness of the company's internal financial controls and risk management systems, with a view to ensuring that the main risks are properly identified, managed and disclosed; and; review and approve the statements to be included in the annual report concerning internal controls, risk management systems and the viability statement.

## **2.4. Compliance, whistle blowing and fraud**

The committee shall:

- 2.4.1. review the adequacy and security of the company's arrangements for its employees and contractors 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 whereby staff can inform the Chair of the audit and risk committee directly;
- 2.4.2. review the company's procedures for detecting fraud;
- 2.4.3. review the company's systems and controls for the prevention of bribery and receive reports on non-compliance.

## **2.5. External audit**

The committee shall:

- 2.5.1. annually consider and make recommendations to the Board, in relation to the appointment, re-appointment or removal of the company's external auditor;
- 2.5.2. develop, oversee and participate in the selection procedure for the appointment of the

- external auditor ensuring that the tendering firms have access to all necessary information and individuals during the tendering process;
- 2.5.3. if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
  - 2.5.4. oversee the relationship with the external auditor. In this context the committee shall:
    - 2.5.4.1. approve their remuneration, including fees for both audit and non-audit services, and ensure that the level of fees is appropriate to enable an adequate audit to be conducted; and
    - 2.5.4.2. approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
    - 2.5.4.3. review and approve the annual audit plan and ensure it is consistent with the scope of the audit engagement.
  - 2.5.5. assess annually the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the group's relationship with the auditor as a whole, including the provision of any non-audit services;
  - 2.5.6. satisfy itself that there are no relationships (such as family, employment, investment or financial) between the auditor and the company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
  - 2.5.7. monitor the auditor's processes for maintaining independence, its compliance with relevant IOM and UK law, regulation, other professional requirements and the relevant ethical and professional guidance on the rotation of audit partner and staff;
  - 2.5.8. assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
  - 2.5.9. evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the committee;
  - 2.5.10. meet with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present, to discuss the auditor's remit and any issues arising from the audit.
  - 2.5.11. discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
  - 2.5.12. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
    - 2.5.12.1. a discussion of any major issues which arose during the audit;
    - 2.5.12.2. the auditor's explanation of how the risks to audit quality were addressed;
    - 2.5.12.3. key accounting and audit judgements;
    - 2.5.12.4. the auditor's view of their interactions with senior management; and
    - 2.5.12.5. levels of errors identified during the audit;
  - 2.5.13. review any representation letter(s) requested by the external auditor before they are signed;
  - 2.5.14. review the management letter and management's response to the auditor's findings and recommendations before they are presented to the Board;
  - 2.5.15. review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee; and.

- 2.5.16. develop and implement a policy on the supply of non-audit services by the external auditor, taking into account relevant ethical guidance on the matter.

## **2.6. Other Matters**

The committee shall:

- 2.6.1. have access to sufficient resources in order to carry out its duties, including access to the company Secretariat for assistance as required;
- 2.6.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 2.6.3. give due consideration to relevant laws and regulations,
- 2.6.4. oversee any investigation of activities which are within its terms of reference and determine whether any further action should be taken as a result of the investigation.
- 2.6.5. work and liaise as necessary with all other board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees.

## **2.7. Authority**

The committee is authorised to:

- 2.7.1. seek any information it requires from any employee of the company in order to perform its duties;
- 2.7.2. obtain, at the company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference;
- 2.7.3. call any employee to be questioned at a meeting of the Committee as and when required;
- 2.7.4. pre-approve all auditing and non-audit services provided by the auditor of that firm's associates;
- 2.7.5. resolve any disagreements between management and the auditor regarding financial reporting and
- 2.7.6. have published in the company's annual report, details of any issues that cannot be resolved between the Committee and the Board.

## **3. Operating & Reporting Procedure.**

- 3.1. The Committee will be required to operate according to procedure agreed by the Committee at the start of their term of office and approved by the Board.
  - 3.1.1. The Committee will report to the Board at each Board meeting (and as requested by the Board) and shall report to the Board on how it has discharged its responsibilities. This report shall include:
    - 3.1.1.1. the significant issues that it considered in relation to the financial statements and how these were addressed;
    - 3.1.1.2. its assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and
    - 3.1.1.3. any other issues on which the Board has requested the committee's opinion.
  - 3.1.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
  - 3.1.3. The Committee Chair shall attend the INF Congress meeting to answer member questions on the work of the Committee and matters within the scope of its responsibilities.
  - 3.1.4. A report on the activities of the Committee shall be compiled annually, a summary of

which shall be included in the company's annual report. The report should include an explanation of how the committee has addressed the effectiveness of the external audit process; the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor.

- 3.1.5 Discussions and decisions taken by the Committee must happen in a transparent and efficient way via the appropriate means of communication in accordance with any deadlines set by the Board.
- 3.1.6 Any decisions circulated by email require a 50% majority support from all Committee members with the Chair, where necessary, having the casting vote.
- 3.1.7 Any decisions at Committee meetings require a 50% majority support from all Committee members present with the Chair, where necessary, having the casting vote.
- 3.1.8 Non-response by a Committee member within the required timeframe to a request for a decision will be regarded as support for the decision.

#### **4 Meetings**

- 4.1 The Committee shall meet at least three times a year at appropriate dates in the audit and accounting cycle. The Committee may hold any additional meetings as it decides are necessary to fulfil its duties. If appropriate, these may be conducted electronically by teleconference or by videoconference.
- 4.2 The INF CEO and the Accountant may be in attendance at any meeting of the Committee. However, there shall be an agenda item at each meeting to allow a private meeting of Committee members without the presence of management or Secretariat.
- 4.3 Meeting agendas will be prepared by the Chair in conjunction with the INF CEO or the Accountant or a member of the Secretariat and circulated, together with all supporting papers, to each member of the Committee no later than two weeks before the date of the meeting. Committee members may request items to be included on the agenda.
- 4.4 Minutes shall be taken by the INF CEO, the Accountant or a member of the Secretariat or a member of the Committee.
- 4.5 Minutes of Committee meetings shall be circulated within 28 days of the meeting to all members of the Committee and, once they are agreed, to the Board.
- 4.6 A quorum of a minimum of 50% of the Committee shall be required for all meetings. A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

#### **5 Out of Pocket Expenses**

- 5.1 Meeting expenses for volunteer committee members will be reimbursed in accordance with the INF Volunteer Expenses Policy.
- 5.2 Meeting expenses for Staff will be covered in accordance with the INF Staff Expenses Policy.

#### **6 Assessment and Evaluation of Committee Performance**

The Committee will, at least once in each financial year

- 6.1 Have its performance assessed in the method prescribed by the Board and having regard to the requirements of these Terms of Reference; and
- 6.2 Determine the goals and objectives of the Committee for the forthcoming year and review the Terms of Reference in light of any modifications to the Committee's goals and objectives.