

# ADIA Board Committee

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## Terms Of Reference: Finance & Audit Committee

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### 1 Terms of Reference

- 1.1 To assist the Board in its oversight of the integrity of the financial statements of the Company, of the Company's compliance with legal and regulatory requirements, of the independence and qualification of the auditor, and of the performance of the Company's internal audit function and its auditors.

### 2 Committee Chair

- 2.1 The Board appoints or re-appoints the Chair of the Committee bi-annually when the Association has completed the task of appointing new Directors following an Annual General Meeting.
- 2.2 In selecting the Chair, the Board takes into consideration those directors who bring background skills and experience relevant to the review and analysis of financial statements. The Chair shall also be financially literate and considered a financial expert, where possible being a Certified Practising Accountant or a Chartered Accountant.
- 2.3 The Chair shall provide leadership to Committee members in fulfilling the mandate set out in these terms of reference. He or she shall work with the Executive Officer and the ADIA Federal President in planning Committee meetings and agendas.
- 2.4 The Chair of the Committee reports to the Board on behalf of the Committee on the matters and issues covered or determined at each Committee meeting.

### 3 Committee Responsibilities

- 3.1 Review and discuss with the Executive Officer the monthly financial statements on a quarterly basis, provide analysis accompanying such financial statements and any other matter required to be reviewed under applicable regulatory requirements and report thereon to the Board.
- 3.2 Review the arrangements associated with the preparation for, conduct of, and report from, the annual audit including:
  - 3.2.1 Review the results of the external audits and any changes in accounting practices or policies and the financial statement impact thereof;
  - 3.2.2 Review and discuss with the Executive Officer and auditors, the annual audited financial statements;
  - 3.2.3 Review the company's annual statutory return (including the tax-exemption self assessment) and to report thereon to the Board; and
  - 3.2.4 Review the terms of engagement and audit plans of the external auditors and determine through discussion with the auditors that no restrictions were placed by ADIA staff on the scope of their examination or on its implementation.

- 3.2.5 Evaluate and recommend to the Board a firm of auditors for appointment by the members and report to the Board on the fees and expenses of such auditors. The Committee shall have the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit service provided to the Company by the Company's auditor and consider the impact on the independence of the auditor;
- 3.3 Assess management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting system within the Company;
- 3.4 Enquire into and report regularly to the Board, with associated recommendations, on any matter referred to the Committee;
- 3.5 The Committee shall have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall not have authority to approve related fees and retention terms.
- 3.6 The Committee shall review at least biannually the adequacy of these terms of reference and recommend any proposed changes to the Board.

#### **4 Committee Composition & Meetings**

- 4.1 The committee constitutes three or more Directors plus the Executive Officer.
- 4.2 A quorum for a meeting is a majority of committee members.
- 4.3 The Committee shall meet separately at least half-yearly.

Reference: 1.8.3 (Approved – August 2010)