

## Audit & Risk Committee Charter

### 1. Overall Objectives of Audit & Risk Committee

The primary objective of the Audit & Risk Committee (Committee) is to assist the Board to fulfil its corporate governance and overseeing responsibilities relating to:

- The financial reporting process.
- The system of internal control and management of financial and other risk.
- The audit process.
- assisting the Board to discharge its responsibility to manage the budgetary processes and strategic financial management of the IGF;

The IGF's process for monitoring compliance with: -

- laws, regulations, and contracts;
- the IOC Code of Ethics, and
- the IGF Code of Conduct for the Board and Commissions.

Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to this Charter in order to facilitate decision making by the Board.

The role of the Committee is not a Board role. Specifically, it is the duty of Management to plan and conduct audits and, in conjunction with the auditors, ensure that the IGF's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, applicable rules and regulations.

### 2. Responsibilities

The Committee shall:

- (1) monitor the establishment and maintenance of an appropriate governance, risk and internal control framework including integrity of IGF policies and consider enhancements;
- (2) review external audit reports to ensure that any major breakdown in controls has been identified and that appropriate and prompt remedial action has been taken by management;
- (3) monitor compliance with laws, regulations and codes of conduct and ethics;
- (4) review the risk and control frameworks for the IGF;
- (5) review financial information presented to the Board and to the members through the Annual Report;
- (6) oversee and appraise the coverage and quality of audits conducted by external auditors;
- (7) maintain open lines of communication between the Committee and the auditors to exchange views and information as well as confirm the auditor's authority, responsibilities and independence; and
- (8) examine any other matters referred to it by the Board.

The specific duties of the Committee shall be:

Finance

- (1) reviewing and recommending annual and event budgets to the Board and approving any variations thereto within the approved budget framework;
- (2) determining finance policies;
- (3) approving capital expenditure proposals;
- (4) approving / or recommending financing proposals; and
- (5) monitoring:
  - i. financial performance against all budgets;
  - ii. cash flow projections;
  - iii. debtors;
  - iv. foreign exchange requirements and exposure;
  - v. compliance with the financial policies in the Policy Manual approved by the Board;
  - vi. monthly management accounting; and
  - vii. finance reporting generally.

### Internal Control

- (1) Ensure that an appropriate “control culture” has been embedded in the IGF by communication of the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.
- (2) Assess the internal processes for determining and managing key risk areas, particularly:
  - compliance with laws, regulations, standards and best practice guidelines
  - important judgements and accounting estimates
  - litigations and claims
  - fraud and theft
  - relevant business risks
  - security of computer systems and applications.
- (3) Evaluate the effectiveness of control systems and processes
- (4) Regularly review and monitor compliance with the IGF Policies Manual.
- (5) Ensure that it receives from management reports on all actual and suspected breaches of laws, including fraud and theft.
- (6) assisting the Board to discharge its responsibility to manage the budgetary processes and strategic financial management of the IGF;
- (7) providing a formal forum for communication between the Board and the Executive Director;
- (8) improving the quality of internal and external reporting of financial and related information; and
- (9) developing and maintaining a financial management culture within the IGF that ensures integrity and credibility in financial reporting and ensures rigorous review of the financial implications and outcomes of all IGF programs proposed or adopted by the Board.
- (10)

### Risk Management

- (1) Review for currency and appropriateness, the risk management process, crisis management plan, and associated procedures for effective identification and management of the IGF's financial and business risks and those of each of the IGF's Teams including fraud, corruption and the security of Team members.
- (2) Understand the IT strategy and the information technology security arrangements.
- (3) Review the impact of the IGF's risk management process on its control environment and insurance arrangements.
- (4) Review whether a sound and effective approach has been followed in establishing the IGF's business continuity and security planning arrangements, and those of each of the IGF's Teams, including whether disaster recovery and crisis management plans have been tested periodically.
- (5) Review the IGF's fraud control plan and satisfy itself that the IGF has appropriate processes and systems in place to capture and effectively investigate fraud related information.
- (6) At each meeting review the business risks summary which has been developed by management to safeguard the IGF's activities and which is to be a standard agenda item.
- (7) Consider any other business risks that are not dealt with by another committee or commission.
- (8) Review significant cases of employee conflict of interest, misconduct or fraud.

### Financial Accounting Compliance

- (1) Evaluate the adequacy and effectiveness of the IGF's administrative, operating and accounting policies through active communication with management and the auditors.
- (2) Request and review reports from management and the auditors on any significant regulatory, accounting or reporting announcements and assess the potential impact upon the IGF's financial reporting process.
- (3) Monitor the standard of corporate conduct in areas such as arms-length dealings and potential conflicts of interest.

### External Reporting

- (1) Review all financial reports and any correspondence regarding the IGF's financial reporting or related matters prior to their release to members (through the Annual Report).
- (2) Review any significant transactions outside the IGF's normal activities.
- (3) Review the annual financial statements with the President, CEO, the IGF Accountant and the auditors, prior to submission to the Board, with particular reference to:
  - i) the nature and impact of any changes to accounting policies and practices.
  - ii) major judgmental areas, including any significant accounting estimates.
  - iii) outstanding contingent liabilities, including existing and potential legal actions and claims against the IGF or its Board.
  - iv) significant adjustments resulting from the audit.
  - v) compliance with accounting standards and other relevant legislative and reporting requirements.
  - vi) the disclosure of the IGF's main corporate governance practices.

- (4) Review the other sections of the Annual Report before its release and consider whether the information is understandable and consistent with members' knowledge about the IGF and its activities.

### Audit

- (1) Recommend to the Board annually the appointment of auditors and the level of their fees.
- (2) Discuss and agree with the auditor before the audit/review commences the nature and scope of the audit/review procedures.
- (3) Review reports prepared by the auditors and management's response. Review all representation letters signed by management and be satisfied that the information provided is complete and appropriate. Discuss problems and reservations arising and any other matters the auditor may wish to discuss.
- (4) Monitor and critique managements responsiveness to the auditors findings and recommendations
- (5) The Committee will meet at least once annually with the auditors, in the absence of management, and on any occasion during the year as requested by either the Committee or the auditors.
- (6) Periodically assess the auditor's independence by considering the relationships and services provided by the auditors and others that may lead to actual or perceived lack of
- (7) The Committee will require the auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to expressing an opinion on the Financial Statements for each year.
- (8) Review the relationship with the auditors and evaluate the overall effectiveness of their audit.

### Other responsibilities

- (1) Perform other oversight functions as requested by the Board.
- (2) Identify and direct any special projects or investigations deemed necessary.
- (3) Review policies to avoid conflicts of interest and review any past or proposed transactions between the IGF and members of the Board, contractors and other employees to ensure compliance with the IGF Policies Manual in this regard.

### 3. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the assistance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee shall have unrestricted access to the auditors, contractors and employees of the IGF.

### 4. Composition and meetings

The Committee is a committee of the Board who appoint the committee and its chair. The Committee shall comprise no less than three members of the Board. It shall meet at least two times per year and report to the Board. The quorum for meetings is two members.

Membership of the Committee is to be confirmed annually by the Board. Meetings of the Committee may be held face-to-face or through any technological means by which members can participate in a discussion.

The notice and agenda of meetings will include relevant supporting papers, as appropriate.

Meetings would normally be held to review the:

- plan for the audits; and
- annual financial statements prior to the Board approving the annual report.

The Committee may call such additional meetings as the Chair of the Committee decides are necessary for the Committee to fulfil its duties. In addition, the Chairman of the Committee is required to call a meeting of the Committee when requested to do so by a Committee member, the President, Executive Director (ED) or the auditors.

It is expected that the President, ED and the IGF Accountant will usually attend each meeting – in order that, inter alia, the Committee may be made directly aware of the views of the IGF's management. Representatives of the auditors will also attend at the discretion of the Committee.

The Committee may invite any such other persons to attend as it sees fit and consult with other persons or seek any information it considers necessary to fulfil its responsibilities.

### **5. Secretariat Duties**

The ED shall be the secretary to the Committee and be responsible, in conjunction with the Committee Chair, for drawing up the agenda and circulating it, supported by explanatory documentation, to Committee members prior to each meeting. In preparing the agenda, the Committee Chair and ED shall consult with the auditors where appropriate. The ED will also be responsible for keeping and circulating minutes. The minutes of meetings will be distributed to all Committee members, after the preliminary approval of the Committee Chair. They are to be approved by the Committee and signed by the Committee Chair.

### **6. Reporting**

To the Board

- the Committee Chair will communicate the activities and findings of the Committee to the Board after each Committee meeting and make appropriate recommendations. The Committee will ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the IGF. To the extent practicable, copies of the minutes of each Committee meeting will be included in the papers for the next Board meeting after each meeting of the Committee;

To the membership (through the Annual Report)

- the Committee will disclose the fees received by the auditor, including an analysis of any non-audit services

### **7. Committee Review of Charter**

The Committee will review this Charter from time to time to provide assurance that it remains consistent with the IGF's objectives and responsibilities.

The Board approves the Charter

### **8. Confidentiality**

Unless otherwise required by law or the IGF Constitution, the members of the Committee are required to keep Committee discussions, Committee papers and deliberations confidential.

### **9. Inconsistency with IGF Constitution**

Whilst this Charter does not form part of the IGF Constitution, this Charter (as in force from time to time) is nevertheless binding on the Committee and each of the Committee members.

To the extent there is any inconsistency between this Charter and the IGF Constitution, the IGF Constitution will prevail.

### 10. Access to Charter

This Charter will be made available to all members of the Board, senior management and staff. It shall be posted on the IGF website [www.igf.golf](http://www.igf.golf)