
Terms of Reference for MSI Audit Committee

Authority

The Marie Stopes International (MSI) Audit Committee (AC) is a sub-committee of the MSI Board of Directors and shall conduct all activities within these Terms of Reference

Purpose and Responsibilities

The purpose of the Audit Committee is:

- to ensure that an effective audit function for the group is in place.
- to oversee the group's management of strategic risks.

The responsibilities of the Committee are set out in the appendix.

Membership and Quorum

- Membership shall be appointed by the Board
- To be quorate, the meeting requires at least 2 trustees to be present, who shall not also be permanent employees of MSI. All other Board members shall have the right to attend.
- The Chair of the committee shall be a trustee, appointed by the Board.
- The following are expected to attend:
 - Members of the MSI executive team: the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer;
 - the Group Financial Controller (or equivalent), the Director of Internal Audit, the Senior Director of Global Programmes and the Director of Legal and Donor Compliance; and
 - representatives from the external auditors and outsourced internal auditors (if any).

Attendance and frequency of meetings

- The AC will meet at least three times per year, generally prior to each Board meeting.
- In addition, at least once a year the AC shall meet with the internal and external auditor without members of management present.

Reporting

- The AC will report to the board after each meeting. Minutes of each meeting and details of significant decisions will be made available to all relevant parties.
- The AC will discharge the responsibilities set out in the appendix.

Review and evaluate

- The Committee will carry out an annual review of its performance and remit and assess where change may be needed.

Agreed: 8 November 2017

Last Reviewed: Reviewed by the Board on 6 July 2018 and approved on 21 December 2018

Appendix

The responsibilities of the Committee shall be:

1. External audit

- a. to assess annually the effectiveness of the audit process;
- b. to review with management the audit fee and audit engagement letter and to ensure that the provision of non audit services does not impair the external auditor's independence or objectivity;
- c. to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- d. to make appropriate recommendations, if considered necessary, to the board regarding the continuation of the external auditor, to oversee the selection process for new auditors and, if an auditor resigns, to investigate the issues leading to this and decide whether any action is required; and
- e. to assess the qualification, expertise and resources and independence of the external auditor
- f. to review the external auditor's management letter and management's response.

2. Internal controls and internal audit

- a. to review the effectiveness of MSI's internal control framework,
- b. to monitor and review the effectiveness of the internal audit function, to review the internal audit programme and internal auditor's reports, and to seek such assurance as it may deem appropriate that the function is independent, adequately resourced and has appropriate standing within the group;
- c. to consider, with management, the appointment of the Head of Internal Audit; and
- d. to consider management's response to any recommendations made by the external auditor or internal audit and review with internal audit and the external auditor any fraudulent or illegal acts, deficiencies in internal control or other similar issue, including reviewing the results of management's investigation and follow up of any fraudulent acts.

3. Risk and risk management

- a. to ensure management have adequately considered the key risks to the group and have developed appropriate strategies to mitigate or manage them including:
 - i. procedures for ensuring donor compliance;
 - ii. procedures for handling allegations from whistleblowers;
 - iii. procedures for managing Safeguarding;
 - iv. procedures concerning the prevention and detection of fraud and financial crime; and
 - v. ensuring regulatory compliance.
- b. to ensure that management assumes, and allocates appropriately, due ownership and accountability for managing all identified risk and ensuring appropriate mitigation takes place;

- c. to ensure that management have in place a framework for effective systems of internal control and keep such under review; and
- d. through co-operation with the Chairs of other Board sub committees to ensure the risk management oversight functions of this Committee complement those undertaken by the others.

4. Annual financial statements

- a. to review, and challenge where necessary, the actions and judgements of management in relation to the annual financial statements, paying particular attention to:
 - i. critical accounting policies and practices, and any changes in them
 - ii. decisions requiring a major element of judgement
 - iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - iv. the clarity of disclosures
 - v. significant adjustments resulting from the audit
 - vi. the going concern assumption
 - vii. compliance with accounting standards and related guidance
 - viii. compliance with other legal requirements;
- b. to review management's statement on internal control systems prior to endorsement by the MSI Board, the effectiveness of the group's internal control systems and procedures for compliance and whether management has discharged its duty to have an effective internal control system;
- c. to review the content of the narrative reporting in the Annual Report;
- d. to review the letter of representation prior to Board sign off; and
- e. where requested by the Board, to provide advice on whether the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the company's performance, business model and strategy.

5. Other matters

- a. to perform other oversight functions, as requested by the MSI Board.