

**Document Identifier:** Audit Committee Terms of Reference

<b>Document Title:</b>	Audit Committee Terms of Reference
<b>Description:</b>	This document outlines the terms of reference for MIE's Audit Committee
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## **Audit Committee Terms of Reference**

### **1. Context**

This document is informed by the MIE [Code of Governance](#), which includes a pro- forma Terms of Reference for the Audit Committee at Appendix 2B. The Code was approved by MIE Governing Body<sup>1</sup>.

### **2. Purpose**

This document outlines all matters related to the MIE Audit Committee. Specifically, constitution, membership, attendance at meetings, mandate and terms of reference.

### **3. Terms of Reference**

#### **3.1. Constitution**

The Governing Body has established a sub-committee of the Governing Body<sup>1</sup> known as the Audit Committee, which shall have a major role in relation to assuring proper financial management, effectiveness of internal control and risk management systems and economy, efficiency and effectiveness of the Institute's activities.

#### **3.2. Membership**

3.2.1. The membership of the Audit Committee shall be appointed by the Governing Body<sup>1</sup>. The Audit Committee shall consist of at least three members. The Committee will comprise a Chairperson (whom shall be a non-executive member appointed by the Governing Body<sup>1</sup> of MIE) and a Deputy Chairperson (whom shall be appointed by the Governing Body<sup>1</sup> of MIE). The President of the Institute will be an ex-officio member. The Chief Financial Officer of the Institute will be a member. A member may be assigned to act as Secretary. Otherwise, secretarial assistance will be nominated by the President from administrative staff of the Institute, if required.

The Chairperson shall be empowered to co-opt to the Committee such other members as are appropriate for the functioning of the Committee. The Chairperson may also invite other individuals, advisors or contractors to attend on an ad-hoc basis. In appointing members, consideration shall

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<sup>2</sup> See [Code of Governance](#) and [Matters Reserved for the Governing Body of MIE](#)

be given to the skills and independence of members and in particular it may be appropriate that at least two members be external members of the Governing Body<sup>1</sup> and that at least one of the members need not be a member of the Governing Body<sup>1</sup> but may be external to the Institute. At least one member should have recent and relevant financial experience.

3.2.2. The Chairman of the Committee shall be appointed by the Governing Body<sup>1</sup>.

3.2.3. The Committee shall draw up its own working procedures.

### 3.3. Attendance at Meetings

3.3.1. Any employee or external person relevant to the work of the Audit Committee may attend for all or part of meetings at the invitation of the Committee chair.

3.3.2. At least once a year the Audit Committee will meet separately with the external auditors without members of management being present.

### 3.4. Mandate

3.4.1. The Committee is authorised by the Governing Body<sup>2</sup> to investigate any activity within its terms of reference and to seek any information it may require on that activity from any employee of the Institute and all such employees are directed to co-operate with the Committee. The Committee shall be given the necessary resources for this purpose.

3.4.2. The Committee is authorised by the Governing Body<sup>2</sup> to obtain outside legal or other independent professional advice, if it considers this necessary.

### 3.5. Terms of Reference

The terms of reference of the Audit Committee are as follows:

#### 3.5.1. Financial Statements

- i. To review the draft annual financial statements of the Institute and their format, taking account of all relevant considerations and of accounting standards and legal requirements, before they are submitted to the

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<sup>3</sup> See [Code of Governance](#) and [Matters Reserved for the Governing Body of MIE](#)

Governing Body<sup>2</sup>;

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- ii. To recommend to the Governing Body<sup>2</sup> whether they should approve any accounts so reviewed by the Audit Committee;
- iii. To determine at least annually whether, in the Committee's opinion, the Institute has kept proper books of account.

#### 3.5.2. External Audit

- i. To discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- ii. To discuss problems and reservations arising from the audit and any other matters requested by the external auditors;
- iii. To review the external auditor's Management Letter and all other audit letters from the external auditors and to consider management's response;

#### 3.5.3. Internal Controls and Risk Management

- i. To satisfy itself that the arrangements made for and resources available for internal audit are suitable, and to monitor performance of same;
- ii. To consider the system of internal financial controls and to satisfy itself that the control environment is adequate and that controls are operating effectively;
- iii. To keep under review and advise on the operation and effectiveness of the Institute's financial risk management systems;
- iv. To provide an opinion annually on the proposed statement of internal controls and on any legal compliance requirements;
- v. To consider the internal audit annual audit programme, to review and consider major findings arising from internal audit work.

#### 3.5.4. Other

- i. To satisfy itself that arrangements are in place to promote economy,

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<sup>4</sup> See [Code of Governance](#) and [Matters Reserved for the Governing Body of MIE](#)

efficiency and effectiveness;

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- ii. To consider other topics, as requested by the Governing Body<sup>3</sup> or initiated by the Committee;
- iii. To promote co-ordination between the Institute's internal and external audit functions.

#### 3.5.5. Reporting Arrangements

- i. The Committee shall make an annual written report on its activities to the Governing Body<sup>3</sup> after the conclusion of the external audit for the financial year. The report will include the Audit Committee's opinion on the adequacy of the systems of internal controls and financial risk management. The Audit
- ii. Committee will report to meetings of the Governing Body<sup>4</sup> on such other occasions as requested.
- iii. Minutes or reports of meetings of the Audit Committee shall be circulated to each member of the Governing Body<sup>4</sup>.

## 4. Responsibility

The Audit Committee Chair is responsible for the maintenance of this document.

## 5. Related Documents

5.1. [Code of Governance](#)

5.2. [Matters Reserved for the Governing Body of MIE](#)

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<sup>5</sup> See [Code of Governance](#) and [Matters Reserved for the Governing Body of MIE](#)