

IPENZ AUDIT AND RISK COMMITTEE - TERMS OF REFERENCE

1.1 Terms of Reference

The Audit and Risk_Committee shall be a committee of the Board established by the Board.

The Board suffers no diminution of any of its powers by the existence of an Audit and Risk committee, and in particular retains the right to vary or depart from these Terms of Reference at any time.

The existence of the Audit and Risk_Committee does not remove from the full Board of directors any of its responsibilities and legal obligations.

The objective of the committee is to assist the Board in discharging its responsibilities relative to financial reporting and regulatory conformance.

1.2 Modus Operandi

Ordinarily the Committee shall comprise the President, Vice President, the Deputy President, and two other Board members.

The number of members of the committee shall be no fewer than three.

The Board shall appoint a chairman from the members of this Committee; normally not the President.

The Board, while retaining the power to vary the composition or Terms of Reference of the Committee at any time, shall ordinarily make appointments for a year and change or reappoint members to the committee annually.

In the absence of a Board decision to the contrary, the Committee composition shall change annually in accordance with the change in senior office holders, with the Chair continuing until otherwise directed by the Board, providing the Chair remains willing to continue as a member of the Committee, and remains a member of the Board.

The capacity of the committee shall remain valid in the event of a vacancy, provided a quorum is possible.

Where a Board appointed Chairman is unable to act as Chair, the Committee shall appoint their own Chair for the purposes of any given period or meeting.

1.3 Meetings

The Boards' Secretary shall act as Secretary to the Committee to the extent such support may be requested by the Committee.

A quorum of members of the committee shall be three.

The Committee may have in attendance during meetings or part thereof, such members of management, the Financial Accountant, the Chief Executive, and such other persons including the auditors, as it considers necessary to provide appropriate information and explanations.

All Board members shall be entitled to attend meetings of the Committee, subject to the right of the Committee, on majority vote, to conduct specific business “in committee”.

Ordinarily the Committee shall, in the course of “meetings” provide for sessions without attendees, sessions with auditors but without management, as well as sessions with the relevant management in attendance.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the Chief Executive, the Director - Operations and the auditors.

Meetings shall be held not less than twice a year having regard to the Institution’s reporting and audit cycle. Any member of the Committee, the Chief Executive, the President, or the auditors may request a meeting at any time if they consider it necessary.

Unless a committee member requests otherwise, matters decided by means of electronic communication may be deemed to constitute valid decisions as if made in a physical meeting.

Minutes of all meetings shall be kept.

1.4 Responsibilities

The responsibilities of the committee are as follows:

1. Liaison with auditors.
2. Review and approval of the annual audit plan with the auditors.
3. Assessment of the performance of financial management.
4. Review of audit findings and the annual financial statements.
5. Review of accounting policies.
6. Oversight of compliance with statutory responsibilities relating to financial and other requirements.
7. Review of the appointment of the auditor and their fees.
8. Adoption of Financial Account recommendations.
9. Compliance with the IPENZ Rules and IPENZ’s own regulations.
10. Active monitoring of the risk management strategy and risk register of IPENZ and regular reporting on these to the governing Board.
11. Any other matters referred to it by the Board.

1.5 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 will be directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain, at the expense of the Institution, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the expense of the Institution, of outside parties with relevant experience and expertise if it considers this necessary.

Any employee shall have access to the members of the Committee at any time.

1.6 Review of the Committee and Changes to Terms of Reference

The Committee may undertake an annual self review of its performance, objectives and responsibilities, which may for example lead to it making recommendations for change to the Board.

Such performance, objectives and responsibilities shall also be reviewed by the Board, who in turn may consult the Chief Executive.

1.7 Reporting Procedures

The Committee shall maintain direct lines of communication with auditors, the Chief Executive, and with management generally.

Any communication from the auditors which is relevant to audit matters, addressed to the Audit Committee will be circulated to the Committee immediately.

The Chief Executive shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Institution, any material breakdown in internal controls, and any material event of fraud or malpractice.

After each Committee meeting the Chair shall report the Committee's findings and recommendations to the Board.

The minutes of all Committee meetings shall be circulated to members of the Board and to such other persons as the Committee thinks fit or that the Board directs.

1.8 Appointments

To be made by the incoming governing Board in April 2012.