

Tanganyika Law Society (TLS)
Finance, Risk and Audit Committee Charter

FINANCE, RISK AND AUDIT COMMITTEE CHARTER

Tanganyika Law Society (TLS)

Finance, Risk and Audit Committee Charter

Table of Contents

- A Purpose, Roles and Responsibilities**
- B Authority**
- C Internal Audit Function**
- D External Audit**
- E Finance**
- F Compliance with Laws, Regulations, Ethics, Conflict of Interest and Policies**
- G Committee Composition and Membership**
- H Reporting Responsibilities**
- I Committee Meetings and Procedures**
- J Support to the Committee**

Tanganyika Law Society (TLS)

Finance, Risk and Audit Committee Charter

A. Purpose, Roles and Responsibilities

1. To assist the Governing Council in discharging its duties relating to the safeguarding of assets and to ensure that financial risks are managed;
2. To prepare and recommend decisions to be taken by Governing Council on all matters relating to Finance, Audit and Risk Management.
3. To review audited financial statements and make recommendations to the Governing Council for its adoption or any changes thereto.
4. To monitor management's progress towards internal and external audit recommendations;
5. To ensure the independence, efficacy and effectiveness of the internal and external audit functions;
6. To ensure effective interaction between internal audit, external auditors, the Governing Council, management, donors and stakeholders as needed;
7. To review compliance with significant applicable legal, regulatory and accounting standards in the organization's audited financial statements;
8. To contribute to a climate of financial discipline, continuous improvement on internal controls and control environment.

B: Authority

The Chairman and the Committee shall have authority to:

1. Access any official information the Committee needs in order to fulfill its responsibilities
2. Seek independent advice from an external advisor to investigate matters within its mandate.

C: Internal Audit Function

The Committee shall have the following duties and responsibilities with respect to Internal Audit function:

1. The Chief Internal Auditor shall have a dual reporting to the Chief Executive Officer and to the Committee on the audit plan and updates on audit results to ensure his independence and effectiveness.
2. Review and approve the internal audit plans.
3. Review the risk assessment that drives the internal audit plan.
- 4.
5. Review the appointment and termination of the Chief Internal Auditor and/or an Outsourced Service Provider and provide feedback on performance as necessary or when requested.
6. Review the activities of the internal audit function including effectiveness, succession planning and staffing
7. Monitor the internal audit progress reports and ensure all items from internal auditor's reports are resolved.
8. Evaluate performance of internal audit function relative to its approved work plan and in its conformance to the definition of Internal Auditing, *Institute of Internal Auditors* (IIA) code of ethics and the *International Professional Practices Framework (IPPF)*
9. On a regular basis, meet separately with Chief Internal Auditor and/or Outsourced Service Provider to discuss any matters that the Committee or internal audit believe should be discussed privately.

Tanganyika Law Society (TLS)

Finance, Risk and Audit Committee Charter

D: External Audit

The Committee shall have the following duties and responsibilities with respect to External Audit Function;

1. Recommend to the Governing Council the appointment and removal of external auditors
2. Review and approve external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit function
3. On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
4. Monitor instances where management seeks a second opinion on significant accounting matters.
5. Act as a communication link between the Governing Council, and /External Auditors.
6. Review External auditor reports and recommendations and ensure appropriate management responses to recommendations
7. Review and assess the independence of the independent auditor
8. Review the letter of Representation provided by the Chief Executive Officer to the external auditor as to the accuracy, fairness and completeness of the financial reporting

E: Finance

The Committee shall have the following duties and responsibilities with respect to Finance:

1. Review the annual financial statements and make recommendations to the Governing Council ;
2. Review and report to the Governing Council the policies and procedures that management have developed to manage the risks of the Organization's business, including the results of the implementation of appropriate systems to manage these risks;
3. Review the risks that management has identified and the actions being taken to manage them;
4. Review and monitor the procedures put in place by the management to ensure that there is adequate accounting and internal control environment;
5. Review and monitor compliance of Financial Statements with International Financial Reporting Standards (IFRS) reporting framework.

F: Compliance with Laws, Regulations, Ethics, Conflict of Interest and Policies

The Committee shall have the following duties and responsibilities with respect to compliance function:

1. The Committee shall review the effectiveness of the system for monitoring compliance with applicable laws and regulations affecting the organization, the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance. The Committee expects full compliance to the following laws and regulations affecting the organization
 - The Constitution Act 1977 of United Republic of Tanzania
 - Tanganyika Law Society Ordinance CAP 307 Act of 1954 (as amended)
 - Income Tax Act 2012 (as amended)
 - Non-Governmental Organizations Act 2002
 - National Social Security Fund Act 1997
 - Parastatal Pension Fund Act No.25 of 2001
 - Local Authorities Provident Fund Act 2006
 - Public Service Pension Fund as established under Public Service Retirement Benefits Act No.2 of 1999
 - Employment and Labour Relations Act 2007 (as amended)
 - National Board of Accountants and Auditors By-laws
 - VAT Act 2014 (as amended)

Tanganyika Law Society (TLS)

Finance, Risk and Audit Committee Charter

2. Review the findings and actions implemented of any examinations by regulatory agencies, auditors or any other appointed body.
3. Review annually TLS's ethics code, and the effectiveness of the procedures established to monitor compliance at every level, ensuring through inquiry and other appropriate means that management is communicating the importance of the organization's values, code of conduct and ethics, and internal controls;
4. Review adherence to the conflicts of interest and related entities policies, and recommend action as appropriate; and
5. Obtain regular updates from management regarding compliance matters.
6. Review compliance to financial and other directives issued by Tanzania Revenue Authority, Pension Funds and Labour Law,
7. Review with management the system for whistle blowing and reporting alleged ethics violations and procedures treating of complaints received by the Organization regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees regarding questionable accounting or auditing matters.

G: Committee Composition and Membership

1. The Audit Committee of the Governing Council shall be comprised of between three(3) and Five(5) at least one of whom must be a member of the Governing Council, the majority of members must be independent members of TLS pursuant to the standards for independence adopted by the Governing Council;
2. All members of the Committee will be financially literate, with at least one member having accounting or related financial expertise, using the terms defined below.
3. "Financially literate" means the ability to read and understand a set of financial statements that presents breadth and level of complexity of accounting issues that are generally comparable to TLS's financial statements; and
4. "Accounting or related financial expertise" means the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with the generally accepted accounting principles;
5. The Committee members shall be appointed by resolution of the Governing Council. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the Governing Council or otherwise ceases to be a member of the Governing Council ; Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Governing Council, and shall be filled by the Governing Council if the membership of the Committee is less than two members as a result of the vacancy;
6. The Governing Council, or in the event of its failure to do so, the Committee, shall appoint a Chair from among the Committee members. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from amongst the members present;
7. The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee. In the event of a tie the motion is defeated;
8. The Secretary to the Governing Council shall be the Secretary of the Committee at its meetings;
9. The Committee shall assist with deliberations required for the fulfillment of the Council's mandate and those specific responsibilities and duties assigned to the Committee; however, unless specifically stated otherwise, the Committee shall act in advisory capacity only, recommending decisions to the Governing Council for approval;
10. Committee Members should not be employees of Organization

Tanganyika Law Society (TLS)

Finance, Risk and Audit Committee Charter

H: Reporting Responsibilities

1. The Committee reports annually to the full Governing Council on how it has discharged its duties.
2. In addition, the Committee reports to the Governing Council on any matter concerning the organisation's accounting policies, financial control, records, own and donor reporting requirements and related statutory duties.
3. Minutes of the meetings will be submitted to the Governing Council on a regular basis.
4. The Chairman, alternatively a member, shall be present at the Governing Council Meeting to report to members on how the Committee has discharged its duties, in particular, how the Committee carried out its functions in terms of its mandate, whether it is satisfied with the independence of the external auditors and to comment on the financial statements, accounting practices and internal financial control of the organisation as identified in the audited financial reports and management recommendations from the internal and external auditors.
5. The Committee shall annually express to the Governing Council the results about the adequacy and effectiveness of:
 - both the internal and external auditor's performance;
 - the internal control systems including financial controls, reporting, and accounting policies; and
 - its own performance.
6. The Committee must provide the following information in the integrated report:
 - a summary of the role of the Finance, Risk and Audit Committee;
 - whether formal terms of reference for the internal audit mandate for Council approval have been considered and recommended to Governing Council for approval;
 - names and qualifications of all members for the period under review and the period served;
 - number of meetings and attendance;
 - description of working relationship with the Chief Internal Auditor and/or Outsourced Services Provider;
 - information on any other responsibilities; and
 - any other relevant information in relation to performance of its mandate and that of the enabling functions reporting to it.

I: Committee Meetings and Procedures

1. A minimum of four scheduled meetings a year.
2. The quorum will be three members.
3. Informal or ad hoc meetings will be convened, as and when required.
4. Papers for consideration by the Committee will be submitted, in the normal course, at least one week before the meeting to enable members to study the documentation and allow adequate opportunity for formal and informal discussions. Papers for the half year and annual reporting shall be distributed as soon as the results are available.
5. Minutes of the Committee shall record the proceedings and decisions taken and declarations of personal interest made, together with how these were dealt with.
6. Decisions will be based on consensus. In the event that there is no consensus, the Chairman of the Committee may refer the matter to the Council for a decision.
7. Provide formal evaluation in writing on the performance of the Committee on an annual basis.
8. Committee will annually review its mandate for continued relevance and completeness
9. An outline of material proceedings and deliberations addressed by the Committee, and all recommendations, decisions and directives of the Committee shall be recorded by the Secretary in the minutes of the meeting.

Tanganyika Law Society (TLS)

Finance, Risk and Audit Committee Charter

10. A draft copy of the minutes of such meeting, approved by the Committee Chair, shall be circulated to the Committee prior to the next Committee meeting where practicable, for approval by the Committee. A Committee member may request that the minutes be revised to include specific deliberations. Following approval of the minutes of the meeting by the Committee as a whole, if substantive revisions have been made to the draft minutes, the minutes approved by the Committee shall be re-circulated to the Committee.
11. Approved minutes shall be circulated to the Committee prior to the next regular Council meeting.
12. A report of the Committee meeting shall be made at the next regular meeting of the Governing Council. Reports to the Council may take the form of an oral or written report by the Chair of the Committee, or any other member of the Committee designated by the Committee to make the report.

J: Support to the Committee

1. The Committee shall identify, through the Chief Executive Director, or designate, the kind and frequency of information required by the Committee.
2. The Committee shall have access to any and all books and records of Organization required for the execution of the Committee's obligations and, as necessary, shall discuss with appropriate officers and employees, coordinated through the Office of the Chief Executive Director, such records and other relevant matters.
3. The Committee, in consultation with the full Council, shall have the authority to retain independent advisors, experts or consultants, in order to properly discharge its duties and responsibilities.

Confidentiality

All deliberations of the Committee, and all records, material and information pertaining to TLS obtained by a member of the Committee shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material and information from improper access by those outside the Committee.