

## TERMS OF REFERENCE FOR STANDING COMMITTEES (GOVERNANCE COMMITTEES)

### AUDIT COMMITTEE

#### 1. Introduction

- 1.1. The Audit Committee is to assist the Board of Directors of the YMCA in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, and the monitoring of compliance to laws, regulations, code of conduct and established procedures. The Audit Committee oversees Internal Audit function, and defines its roles and responsibilities.
- 1.2. The President and General Secretary shall be ex officio members of the committee<sup>1</sup>. Ex officio members do not form the official quorum for attendance.

#### 2. Authority

The Audit Committee has the authority to conduct or authorize reviews into any matters within its scope of responsibility. It is also empowered to:

- (a) Recommend to the Board the appointment and compensation of the external auditors
- (b) Work with the external auditors to resolve issues, if any
- (c) Review the value of any non-audit services rendered by the external auditors, so as to ensure that their independence is not compromised
- (d) Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation
- (e) Seek any information it requires from directors, employees and members of the YMCA

#### 3. Role and Responsibilities

3.1. The Committee's responsibilities with regards to Internal Audit include:

- (a) Approve the internal audit charter and internal audit plan
- (b) Receive communications from the Internal Auditor on the internal audit activity's performance relative to its plan and other matters
- (c) Approve decision regarding the appointment and removal of the Internal Auditor
- (d) Make appropriate inquiries of Management and the Internal Auditor where needed
- (e) Institute and oversee special investigations as needed

3.2. The Committee's responsibilities as regards Financial Statements include the:

- (a) Review of significant accounting and reporting issues, and understand their impact on the financial statements
- (b) Review with management and the external auditors the results of the audit
- (c) Review the annual financial statements, and the accounting policies of the YMCA

3.3. The Committee's responsibilities as regards Internal Controls include:

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<sup>1</sup> Article Seven Section 34 of the Constitution of YMCA of Singapore

- (a) Considering the effectiveness of the Association's internal control system and information technology security
  - (b) Understanding the scope of internal and external auditors' review, and obtain reports on significant findings and recommendations, together with management's responses
- 3.4. The Committee's responsibilities as regards External Audit include:
- (a) Review of the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit
  - (b) Review and confirmation of the independence of the external auditors
  - (c) At least once a year, meet separately with the external auditors without the presence of Management
- 3.5. The Committee's responsibilities as regards Compliance include:
- (a) Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
  - (b) Reviewing the findings of any examinations by regulatory agencies, and any auditor observations
  - (c) Reviewing the process for communicating the code of conduct to the Association's personnel, and for monitoring compliance therewith
  - (d) Obtaining regular updates from management and Association's legal counsel regarding compliance matter
- 3.6. The Committee shall meet at least two times a year to consider specific work areas and to review the Annual Work Plan and Budget of the Division/Departments under its purview. The Chairman shall retain the discretion to call for additional meetings. Any reduction in frequency from the minimum of two should gain the approval of Exco.
- 3.7. The Committee shall consider the interests of YMCA of Singapore and the public good in fulfilling its functions.

## 4. Representation

- 4.1. The Board shall appoint a Chairman of the Committee. The Chairman shall, in consultation with the President and General Secretary, nominate Committee members to be appointed by the Board.
- 4.2. At least two Committee members shall be Board members. The majority of Committee members shall be YMCA members who have the relevant experience and interest. Life members are preferred.
- 4.3. The Chairman may at his discretion invite volunteers of sound reputation to the Committee meetings. Volunteers are strongly encouraged to become YMCA members.
- 4.4. Each term of office for the Committee (including the Chairman) shall be from the date of appointment until the reappointment of committees at the next Annual General Meeting.

4.5. The Committee shall comprise at least two persons and at most six persons. Members shall be both independent and financially literate.

## 5. Governance

5.1. The meeting quorum shall consist of one third of committee members in attendance. In order for the meeting to proceed, the Chair or his nominee should be present.

5.2. Attendance at Standing Committee meetings shall be recorded for governance purposes.

5.3. Committee decisions shall be made by simple majority. In the event of a tie, the Chairman has the casting vote.

## 6. Review of Terms of Reference

6.1. The terms of reference for this committee shall be reviewed every two years to ensure its necessity and relevance.