

BRAC International

Terms of Reference for the Finance and Audit Committee

Role and Purpose

The primary function of the Finance and Audit Committee (“the Committee”) is to assist the Governing Board (“the Board”) in fulfilling its oversight responsibilities for:

- The financial reporting and budgeting processes,
- The system of internal controls and risk assessment,
- The compliance with legal and regulatory requirements,
- The qualifications, independence, and performance of the external auditors and
- The qualifications, independence, and performance of the internal audit function.

Authority

The Committee's authority comes from the Board. The Committee has the authority to direct the Internal Audit Department to conduct an audit, review, and/or a special investigation into any matters within the scope of the Committee's responsibility.

The Committee is empowered to:

- Have unrestricted access to all BRAC International activities, records, property, and personnel.
- Approve the use of outside accountants, consultants or others retained by BRAC International to assist in conducting audits, reviews, and/or special investigations.
- Review and recommend appropriate budget and financing for BRAC International as part of the budget approval process.
- Retain, with Board approval, independent counsel, accountants, or others having special competence as necessary to assist in fulfilling its responsibility or assist in the conduct of an investigation.
- Delegate authority to subcommittees.

The Committee will have the resources and authority necessary to discharge its duties and responsibilities.

Membership

Each member shall be free of any relationship that would interfere with the exercise of his or her independent judgment as a member of the committee.

The Governing Board of BRAC International constituted the BRAC International Finance and Audit Committee with the following members:

1. Dr. Mahabub Hossain, Member, BRAC International Governing Board	Chair
2. Ms. Susan Davis, Member, BRAC International Governing Board	Member
3. Ms. Sylvia Borren, Member, BRAC International Governing Board	Member
4. Ms. Parveen Mahmud, Member, BRAC International Governing Board	Member
5. Mr. Faruque Ahmed, Executive Director, BRAC International	Member

Mr. S. N. Kairy, Group CFO shall act as Secretary of the Committee.

Collectively, members of the Committee should have professional experience and expertise in at least one of the following fields: nonprofit administration, investing, finance, accounting, financial reporting, auditing, or information technology. At least one member of the Committee should have accounting or related financial management expertise. However, the lack of any such member shall not invalidate or otherwise affect the actions taken by the Committee. A quorum shall consist of two committee members. The Executive Director Mr. Faruque Ahmed will be the non-voting member of the committee.

Meetings & Communication

The Committee shall meet at least two times annually, or more frequently as deemed necessary by any Committee member. The Committee may not conduct any meeting with fewer than two members present. Each member shall be entitled to one vote and shall cast that vote on each item submitted. Members shall only abstain from a vote when there is a valid conflict of interest addressed to the Committee. The Committee may invite members of management, representatives of the external auditor or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. The minutes of each meeting will be prepared and approved at subsequent meetings.

Responsibilities

The Committee relies on the expertise and knowledge of management, the internal auditors, and the independent auditors in carrying out its oversight responsibilities. As such, the Finance and Audit Committee is accountable to the Board for carrying out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory initiatives, and understand their impact on the financial statements.

- Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Discuss the annual audited financial statements with management and the external auditors.
- While the Committee has the responsibilities and the authority as set forth in this Charter, it is not the responsibility of the Committee to plan or conduct individual audits, reviews and/or investigations

Budgeting

- Review with management annual budgets.
- Monitor performance against budget.

Risk and Internal Controls

- Discuss with management the major policies with respect to risk assessment and risk management.
- Consider the effectiveness of the internal controls environment.
- Understand the scope of internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review any disclosures made about significant deficiencies in the design or operation of internal controls or any fraud that involves employees who have a significant role in the internal controls.

Internal Audit

- Review and concur in the appointment, replacement, or dismissal of the Director of Internal Audit.
- Annually review the Internal Auditing's functional and administrative reporting relationships to ensure independence is fostered.
- Annually review, with the Director of Internal Audit the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Review and approve the annual report, the annual audit plan as support by the independent risk assessment process, and discuss overall results with the Director of Internal Audit.
- Receive from the Internal Audit Department each final internal audit report and progress report on the approved audit plan
- Review the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of The Institute of Internal Auditors. This may be accomplished through a Quality Assurance and Improvement Program as required by the IIA.

External Audit

- Review the external auditors' proposed audit scope and approach.
- Review the overall performance of the external auditors, and make a recommendation to the Board on the appointment or discharge of the auditors.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws, policies and regulations.
- Review the results of investigations resulting from instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Encourage continuous improvement of, and foster adherence to, the BRAC International policies, procedures, and practices at all levels.

Communication & Reporting

Regularly report to the Board about Committee activities and issues that arise with respect to

- The quality or integrity of the BRAC International financial statements,
- The BRAC International compliance with legal or regulatory requirements,
- The performance of the BRAC International external auditors, and
- The performance of the internal audit function.