

Cancer Research Malaysia

TERMS OF REFERENCE OF AUDIT AND FINANCE COMMITTEE

Contents

1.	PURPOSE	3
2.	COMPOSITION AND APPOINTMENT.....	3
3.	FUNCTIONS AND DUTIES	3
4.	MEETINGS.....	5

1. PURPOSE

- 1.1 The Audit and Finance Committee (“**the Committee**”) is established as a committee of Cancer Research Malaysia (“**the Foundation**”) to assist the Board of Trustees (“**the Board**”) with the following:
- 1.1.1 To provide independent oversight of the Foundation’s financial reporting and internal control systems that facilitate appropriate checks and balances within the Foundation; and
- 1.1.2 To serve as an independent and objective party in the review of the financial information of the Foundation that is presented by the Management to the Board.

2. COMPOSITION AND APPOINTMENT

- 2.1 The Committee members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be Non-Executive Trustees and the majority being Independent Trustees.
- 2.2 At least one (1) member of the Committee:-
- (i) a member of the Malaysian Institute of Accountants (“**MIA**”); or
 - (ii) If not a member of the MIA, he/she must have at least three (3) years working experience; and
 - Must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - Be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.
- 2.3 The Chairman of the Committee shall be an Independent Trustee appointed by the Board. The Chairman of the Board shall not be a member of the Committee. The responsibilities of the Chairman, amongst others, are as follows:
- Planning and conducting meetings;
 - Updating the Board on the activities undertaken by the Committee on a regular basis including significant matters and resolutions made by the Committee at each Board meeting;
 - Encouraging open discussion during meetings; and
 - Developing and maintaining active on-going dialogue with Management and External Auditors.

3. FUNCTIONS AND DUTIES

The main functions and duties of the Committee shall include, but are not limited to the following:

3.1 Financial Reporting and Internal Controls

- 3.1.1 To recommend the Foundation’s annual budget to the Board for approval.
- 3.1.2 To periodically review the Foundation’s annual budget, and follow up on all significant variances between budget and actual amounts.
- 3.1.3 To review the annual financial statements of the Foundation prior to approval by the Board to ensure compliance with accounting standards and legal requirements, and to ensure fair and transparent reporting.

- 3.1.4 To review and recommend any changes in accounting policies and improvement in the system of internal control, where deemed necessary.
- 3.1.5 To determine that the Foundation has adequate established policies, procedures and guidelines, operating and internal controls, and that they are being complied with and are operating effectively.
- 3.1.6 To evaluate the adequacy and effectiveness of the internal controls and risk management control systems of the Foundation through the review of the reports of both the External and Internal Auditors (if any, including Audit reports from donor companies) that highlight internal accounting, organisational and operating control weaknesses, and to determine that appropriate corrective actions are being taken by the members of Management.
- 3.1.7 To review and escalate to the Board, where appropriate, any material compliance breaches, and to ensure the adequacy of corrective actions that have been taken.

3.2 External Audit

- 3.2.1 To recommend the annual appointment, re-appointment, resignation or removal of the External Auditors.
- 3.2.2 To review and deliberate scope of audits, audit plans and audit reports.
- 3.2.3 To consider the External Auditor's management letter on audit findings and recommendations including matters for improvement in the Foundation's systems of internal control.
- 3.2.4 To ensure that no restrictions are being placed by the Management and employees on the scope of the External Auditor's examinations or access to the Foundation's records for audit purposes.
- 3.2.5 To have direct communication channels with the External Auditor and able to meet with the External Auditor without the presence of Management.
- 3.2.6 To maintain regular, timely, open and honest communication with the External Auditor, and requiring the External Auditor to report to the Committee on significant matters.

3.3 Fundraising and Development

- 3.3.1 To provide supervisory oversight of the Foundation's fundraising strategies and activities to ensure sustainability of funds.
- 3.3.2 To oversee the effectiveness of administrative systems to monitor and track receipt of funds from donors and partners, as well as to resolve any issues in relation to the management of such funds.

3.4 Reporting Responsibilities

- 3.4.1 To regularly update the Board on the Committee's activities on how it has discharged its responsibilities.

4. MEETINGS

4.1 Frequency and Attendance

4.1.1 The Committee shall at least meet quarterly in a financial year. Additional meetings shall be scheduled as considered necessary by the Chairman of the Committee or should circumstances require.

4.1.2 There shall be in attendance at the meeting of the Committee by invitation the Chief Executive Officer (“**CEO**”) and members of Management, and such other persons as deemed necessary by the Committee.

4.2 Meeting Agenda and Papers

4.2.1 The Chairman, in consultation with the CEO, sets the agenda for the Committee meetings and ensures that all relevant issues are on the agenda.

4.2.2 The agenda and papers shall be circulated to the Committee members at least seven (7) calendar days before each meeting.

4.3 Quorum

4.3.1 The quorum for a meeting of the Committee shall be a minimum of two (2) members.

4.3.2 In the absence of the Chairman, the remaining members present shall elect one of their Independent Trustees as Chairman of the meeting.

4.4 Meeting Mode

4.4.1 A meeting shall be conducted in person or via telephone conference or video conference or similar communication modes or other appropriate means as determined by the Committee to enable effective discussion.

4.4.2 The Committee may from time to time and if deemed appropriate, consider and approve and/ or recommend relevant matters via a circular resolution in writing, in lieu of formally convening a meeting. The circular resolution shall be signed by all Committee members, and shall be as valid and effectual as if it has been passed by a meeting of the Committee duly convened.

4.5 Voting

4.5.1 All resolutions of the Committee shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

4.5.2 A Committee member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

4.6 Meeting Minutes

4.6.1 Minutes shall be duly recorded by the Secretary and approved by the Chairman of the meeting at which the proceedings are held, or by the Chairman of the next succeeding meeting.

4.6.2 Minutes of each meeting shall be confirmed by the Committee at the next meeting or by the Chairman of the Committee. The confirmed minutes shall be tabled to the Board.

4.7 Secretary

4.7.1 The Company Secretary or nominee shall act as the Secretary of the Committee.