



## **JAMAICA MORTGAGE BANK**

### **TERMS OF REFERENCE OF AUDIT, FINANCE and RISK COMMITTEE**

#### **1. Authority**

The Audit, Finance & Risk Committee (the “Audit & Risk Committee”) is created by and reports to the Board of Directors of the Jamaica Mortgage Bank also referred to as “JMB” or the “BANK”) in accordance with the Public Bodies Management & Accountability Act (PBMA) and the JMB Risk Management Framework Policy and the Finance and Accounts Policy .

#### **2. Mandate of the Committee**

The mandate of the Audit & Risk Committee is as follows:

- (i) Dealing with matters concerning the Internal controls of the Bank’s operations, which includes ensuring that the processes or procedures are being followed and the policies adhered to.
- (ii) Reviewing the financial position of the Bank by assessing the monthly financial statements and advising the Board on issues concerning the financial status of the bank and matters relating to the annual Budget.

- (iii) Oversight of the internal audit function
- (iv) Oversight of the enterprise risk framework within the Bank and the monitoring of those risks to ensure that they remain robust, appropriate and effective
- (v) Assessing the effectiveness of the various risk mitigating strategies to maintain independence and quality compliance within the Bank.

### **3. Composition**

- a. The committee shall consist of no less than three members who shall be selected from the JMB's Board of Directors;
- b. The Chairman of the Board cannot be a member of the Committee;
- c. The Chairman of the Committee will be selected by the Board of Directors;
- d. At least one member of the audit committee shall be a qualified accountant, registered under the Public Accountancy Act, or possess expertise in the area of finance.
- e. The Bank's Legal Officer / Corporate Secretary will be required to sit on the Committee;
- f. The Bank's Head of Finance will be required to be present at Committee Meetings.

### **4. Quorum**

- a. The quorum for any meeting of the Audit, Finance and Risk Committee shall be any two members .
- b. The members of the Committee may participate in a meeting of the Committee from separate locations by means of telephone or video conference or other communication equipment which allows participating to hear each other , and shall be entitled to vote or be counted in the quorum accordingly.

## 5. Functions of the Committee

In carrying out its mandate the committee will perform various functions including:

- a. The appointment of an Internal Auditor as prescribed by the PBMA, who would make reports directly to this Committee;
- b. Review and approve the annual work programme of the internal audit work plan;
- c. Advise the board on-
  - (i) practices and procedures which will promote productivity and the quality and volume of service;
  - (ii) the extent to which the objectives of the Bank are being achieved; and
  - (iii) the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the Bank;
  - (iv) the independence of the auditors auditing the Bank;
- d. Review and advise the board on the financial statements that are to be included in the Annual Report of the Bank;
- e. Oversee any internal audit of the Bank and review any findings and recommendations of the Internal and External Auditors and the Auditor General and monitor progress in implementing recommendations
- f. Review and advise the board on the annual auditor's report;
- g. In the case of the Bank undergoing a special audit or examination, review and advise the board with respect to the report of that audit or examination;
- h. Review the Bank's key policies and processes for identifying and assessing business risks, the monitoring of these risks and an assessment of their robustness, appropriateness and effectiveness;

- i. Oversee and advise the Board on current and emerging risk exposures, future risk strategy which includes liquidity management and ensuring that the culture of risk management is adapted and maintained by the Bank;
- j. Determine the Bank's commercial risk appetite;
- k. Perform such other functions as are assigned to it by the board.

## **6. Frequency of Meetings**

The Committee shall have one meeting per quarter within each financial year. The Meetings will be arranged through the Bank's Company Secretary who will have responsibility for the taking of minutes.

## **7. Reporting to the Board**

At each Board meeting following a committee meeting, the committee shall report to the Board with respect to its activities and decisions.

The committee shall keep detailed records of its meetings and such records shall be made available to the external auditor and any examiner of the Bank during any external audit or examination.

APPROVED: November 27, 2006

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