

ACFID Finance and Audit Committee

Terms of Reference

February 2018

1. Purpose of the Committee

The purpose of the Finance and Audit Committee is (the 'Committee') is to assist the ACFID Board to fulfill their corporate governance and oversight responsibilities in relation to financial reporting, risk management, internal controls, external audit and compliance with relevant laws, regulations and codes.

2. Composition and tenure

- 2.1 All members of the Committee are appointed by the Board.
- 2.2 The Committee will have a minimum of three members including a minimum of two members drawn from the Board. The Committee will have at least one external member, appointed by the Board to provide for complementary skills and experience as required.
- 2.3 The membership of the Committee should provide for sufficient experience in financial reporting, accounting, audit and risk management.
- 2.4 The ACFID Vice President Finance, will be a member of the Committee and will usually serve as Chair of the Committee unless otherwise decided by the Board.
- 2.5 The Chair of the Committee is responsible for leading the Committee in its duties, facilitating effective discussion at Committee meetings and ensuring effective communication with the Board.
- 2.6 The quorum for a meeting (face to face or by tele-conference/electronic means) shall be two members, at least one member of the ACFID Board.
- 2.7 The Secretary of the Committee will be assigned by the ACFID Chief Executive Officer and will usually be the ACFID Business Director (or equivalent position.) The Secretary will attend all meetings unless otherwise agreed by the Committee. The ACFID Chief Executive Officer will attend meetings as required. The Secretary in conjunction with the Chair may invite other members of staff or external specialists to the meetings.
- 2.8 Membership of the Committee is for a term of two years and terms are renewable provided that each member, other than the external member(s), continues to be a member of the ACFID Board.

3. Responsibilities

3.1 Financial reporting

- i. Review the periodic and annual financial reports provided by management and make recommendations to the Board, having given due consideration to:

- The clarity and appropriateness of the information provided
 - Whether the information is consistent with Committee members' knowledge about ACFID and adequate for the needs of stakeholders
 - Significant decisions requiring discretionary judgement
 - The clarity of disclosures
 - The ability to meet liabilities when they fall due
 - Compliance with Australian Accounting standards
 - Compliance with the ACFID Code of Conduct
 - Compliance with funding and relevant legal requirements.
- ii. Review the annual budget prepared by management and make recommendations to the Board, having given due consideration to:
- The validity of budget assumptions
 - Factors likely to impact on budget performance.
- iii. Review the audited financial statements and any accompanying reports. Discuss with management and with the external auditors and make recommendations to the Board.

3.2 Risk management and internal control

- i. Monitor and review ACFID's processes for the identification, assessment, reporting and management of significant risks.
- ii. Evaluate the effectiveness of internal control systems and review implementation of any recommendations made by Excom and external auditors.
- iii. Review the ACFID delegations schedule and make recommendations to the Board.
- iv. Monitor and review ACFID processes that carry significant risk including, but not limited to:
 - Workplace health and safety
 - Information technology security and control
 - Business continuity in event of a critical disruption
 - Insurance coverage
 - Prevention and detection of fraud.

3.3 Compliance and assurance

- i. Review the effectiveness of processes for monitoring compliance with laws, regulations, policies and relevant Codes, and the results of management's response to any fraudulent acts or acts of non-compliance.
- ii. Obtain updates from management and, if necessary, external advisors, regarding compliance matters.
- iii. Be satisfied that all regulatory compliance matters relevant to ACFID have been considered in the preparation of the financial statements.
- iv. Assess the policies and processes for receiving, analysing and responding to complaints, including 'whistleblowing' processes.

4. External audit

- 4.1 Review the performance and independence of the external auditor and make recommendations to the Board regarding the appointment, evaluation and dismissal of the external auditor.
- 4.2 Before the audit commences, review and approve the nature and scope of the audit including identified risk areas.
- 4.3 Review and provide oversight of all audit reports prepared and issued by the external auditor on financial statements, critical accounting policies, internal controls and all other written communication between the external auditors and management.
- 4.4 Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- 4.5 Ensure that any significant findings and recommendations made by the external auditors are acted upon appropriately by management.
- 4.6 Meet with the external auditors separate from management at least once a year to discuss any matters that the Committee or the auditors believe should be discussed privately.
- 4.7 Pre-approve any non-audit services to be performed by the external auditor.

5. Committee meetings & reporting

- 5.1 Meetings will be held not less than four times per year and should align with ACFID's Board meetings and reporting cycle.
- 5.2 The ACFID Chief Executive Officer or Business Director or any member of the Committee may request the Chair of the Committee to convene additional meetings of the Committee.
- 5.3 Minutes of all meetings of the Committee will be kept and distributed to all Committee members.
- 5.4 The Chair of the Committee or their delegate will provide a report to the Board at each Board meeting.
- 5.5 The Committee will undertake an annual review of its role and performance.

6. Authority

The Committee is authorised by the ACFID Board to:

- 6.1 Perform activities within the scope of its charter
- 6.2 Have unrestricted access to management, employees and relevant information. When exercising this authority, the Committee will keep the ACFID Business Director and Chief Executive Officer informed, unless there is suspicion of negligence, malpractice or other highly sensitive issue that indicates that the Business Director, or Chief Executive Officer should not be contacted.

6.3 Engage independent advice if it is deemed necessary for the Committee to carry out its duties. The cost of such advice is to be borne by ACFID.