

Finance, Audit and Risk Committee Terms of Reference

1.0 Purpose

Volleyball WA has established a Finance, Audit and Risk Committee (“Committee”) to assist the Board in fulfilling its responsibilities in relation to financial reporting, internal controls and risk management.

2.0 Role

The Finance, Audit & Risk Committee is a standing committee formed by the Board, whose role is to:

- 2.1 assist the Board in fulfilling its responsibilities by reviewing the:
 - a) proposed annual operating budget;
 - b) financial information that will be provided to Members and the public;
 - c) integrity and quality of the organisation’s financial statements, including monitoring of solvency with immediate reporting to the Board of any concerns;
 - d) systems, processes and controls that the Board and Management have established to identify and manage areas of significant financial risk; and
 - e) organisation’s auditing, accounting and financial reporting and management processes including recommending the external auditor;
- 2.2 monitor compliance with laws and regulations;
- 2.3 oversee the processes for the identification and assessment of risks, review the outcomes of risk management processes and controls and advise the Board as required; and
- 2.4 carry out special projects at the direction of the Board.

3.0 Authority

- 3.1 The Committee has no Board decision making responsibility but makes considered recommendations to the Board.
- 3.2 In carrying out its responsibilities, the Committee has full authority to investigate all matters that fall within the Terms of Reference. Accordingly, the Committee may:
 - a) with the prior approval of the Board obtain independent professional advice at the reasonable cost of the organisation; and
 - b) have direct access to the resources of the organisation, as it may reasonably require, including Management and external auditors.

4.0 Duties and Responsibilities

In assisting the Board in fulfilling their responsibilities, the duties of the Committee shall be:

- 4.1 Assessment of financial information
 - a) Conduct or authorise investigations into any matter within its scope of responsibility, including retention of independent external advisors as considered necessary.
 - b) Review any significant accounting and reporting issues, including professional and regulatory announcements and to understand their effect on the Organisation’s financial statements.
 - c) Review the annual financial statements of which require approval of the Board and discussion of the financial statements with the External Auditor and management before submission to the Board.

- d) Review, at least annually, the written attestations provided by Management. Review for potential conflicts of interest situations and pre-approve all related party transactions on an on-going basis.

4.2 External Auditor

- a) Recommend to the Board the appointment, evaluation, and dismissal of the external auditor, including independence matters.
- b) Review the external auditor's proposed audit plan and audit approach, including materiality levels.
- c) Review the terms of engagement and the audit fees for the external auditor prior to the commencement of each audit.
- d) Review the external auditor's summary management report, detailing the results and significant findings from the audit, and management responses.

4.3 Business Risks and Internal Controls

- a) Recommend the approval of VWA's risk management policy to the Board and oversee the risk management system and its resourcing.
- b) Recommend to the Board and monitor VWA's risk profile developed by management, covering the principal enterprise-wide risks, including strategic, operational, legal and financial.
- c) Review the operational effectiveness of the policies and procedures to risk and VWA's internal control environment.
- d) Review the effectiveness of VWA's insurance activities.

4.4 Compliance

- a) Review the effectiveness of VWA's approach to achieving compliance with laws, regulations, industry codes and policies.
- b) Review any correspondence from regulatory bodies regarding significant issues.
- c) Ensure that there is a process for the Board Chair and Committee Chair to be immediately informed of any issues of significant non-compliance or litigation; when implemented.

5.0 Reporting

5.1 The Committee Chair will report to the Board on the Committee meetings regarding all relevant matters and appropriate recommendations for noting or approval by the Board.

5.2 The Committee Chair will ensure that the Board Chairperson and the Board are immediately informed of matters that may impact significantly on the financial condition or reputation of the Organisation.

6.0 Composition

6.1 The Committee appointed by the Board shall comprise at least three Members.

6.2 The Committee shall include at least two Board Members and at least one Independent Committee Member, as appointed by the Board. The Board will determine the skills, experience and expertise that are required for the Independent Committee Member.

6.3 The Committee Members shall be:

- a) "financially literate" as defined by the Board (i.e. able to read and understand financial statements and challenge information presented in Committee meetings); and

- b) have at least one external and independent Member who shall be a Certified Practicing Accountant or Chartered Accountant.
- 6.4 The Board shall appoint a Chair of the Committee, who is not the Chair of the Board.
- 6.5 The Board Chair and the VWA CEO shall be a non-voting ex-officio members.
- 6.6 Committee members will cease to be a member if they:
- a) resign from the Committee or Board;
 - b) fail to attend 3 consecutive meetings without providing apologies to the Chair; or
 - c) breach confidentiality.
- 6.7 Any vacant positions will be filled by the Board.
- 6.8 The Committee composition shall be reviewed annually by the Board, and members are eligible for reappointment.

7.0 Chair

The responsibilities of the Committee Chair include:

- 7.1 scheduling meetings and notifying Committee members;
- 7.2 inviting specialists to attend meetings when required;
- 7.3 guiding the meeting according to the agenda and time available; and
- 7.4 ensuring all discussion items end with a decision, action or definite outcome.

8.0 Induction

The Board is responsible for providing new Committee members with an appropriate induction program.

9.0 Meetings

- 9.1 The Committee will meet at least four times a year in line with the Board's audit, budget and financial reporting process, and more frequently as required.
- 9.2 Meetings may be held by means of a conference or videoconference call, or any other technology process approved by the Board.
- 9.3 The Chair of the Committee may call a meeting of the Committee at any time, or if so requested by any member of the Committee.
- 9.4 A quorum will consist of more than half of the Committee members.
- 9.5 VWA Management, in conjunction with the Committee Chair, shall draw up an agenda for meetings, which shall be circulated to each member of the Committee and attendees, at least two working days prior to each meeting.
- 9.6 Recommendations will be formed on the basis of consensus or, if a consensus cannot be reached, by a majority of votes from the committee members present.
- 9.7 VWA Management will prepare and distribute the Minutes of Committee meetings. The minutes will be distributed to all Committee members after the meeting, and will be ratified and signed by the Chair at the next meeting.
- 9.8 From time-to-time reports and documents may be circulated to the Committee electronically for review and recommendation to the Board.
- 9.9 Committee members will be required to disclose conflicts of interest at the start of each meeting.

10.0 Meeting Attendance

Any person may be invited by the Chair to attend meetings of the Committee, but not necessarily for the full duration of the meeting. They have no voting rights and may be requested to leave the meeting at any time by the Chair.

A standing invitation shall be issued to:

- a) Finance Manager
- b) Engagement Partners of the External Audit Firm

11. Reviews

The Committee will review this Terms of Reference at least every two years and recommend to the Board for approval any appropriate amendments.