



# National Audit and Risk Committee Charter

VER.2 30/9/2017



## AUDIT AND RISK COMMITTEE

### CHARTER

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#### **Purpose and Objectives**

The Order of Australia Association (“OAA”) National Audit and Risk Committee (“A&R Committee”) will assist the OAA in fulfilling its fiduciary responsibilities.

The Committee will undertake the supervision of:

- The scope of work, performance and independence of the external auditor
- The scope of work, performance and independence of other reviews/audits
- The operation and implementation of the risk management framework
- Matters of internal control affecting the operations of the OAA National
- The OAA National process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.

In performing its duties, the A&R Committee will maintain effective working relationships with the Board, Staff, and the external auditors. To perform his or her role effectively, each A&R Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as The OAA National’s business, operations and risks.

#### **Authority**

The Board authorises the Committee, within the scope of its responsibilities, to:

- Perform activities within its charter
- Seek any information it requires from:
  - Other OAA Directors
  - any employee (and all employees are directed to co-operate with any reasonable request made by the Committee)
  - external audit
  - external parties
- Obtain outside legal or other professional advice to assist in undertaking its fiduciary responsibilities in consultation with OAA National Chair
- Ensure the attendance of OAA National staff at meetings as required and as appropriate.

#### **Organisation**

##### **Membership**

- Members of the A&R Committee are appointed by the OAA National Board.
- The A&R Committee will comprise at least three (3) persons who are OAA National Board members, with the right to co-opt at least two (2) independent people who are OAA Members with the required skills base making a total of five (5) members.



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- Each member should be capable of making a valuable contribution to the A&R Committee.
- The Chair of the A&R Committee will be an OAA National Board member and will be appointed by the Board from time to time. The Chair is not to be the Chair of the Board or Chair of the Finance and Investment Committee.
- Members will be appointed for a two year term of office. **[If possible, membership renewal dates should be staggered so significant knowledge is not lost to the Committee and, where possible, be co-ordinated with the term of any other OOA office held.]**
- A quorum for any meeting will be three (3) members based on five (5) members. One of the three (3) shall be the A&R Committee Chair, or a nominee of the A&R Committee Chair, who must be an OAA National Board member.
- The agenda/minute secretary of the A&R Committee will be appointed by the A&R Committee Chair and need not be an OOA member.
- Each new member is required to complete the A&R Committee induction requirements.
- The Board may, upon advice from the A&R Committee Chair, terminate the appointment of any member of the A&R Committee at any time.
- Decisions shall be reached by consensus or, if required, majority vote with each member being entitled to one vote. The A&R Committee Chair does not have a casting vote.
- Any matter not resolved by the A&R Committee must be referred to The OAA National Board for deliberation and a final decision.
- Membership of the A&R Committee, meeting attendance and activities of the A&R Committee are disclosed in the Annual Report .Report to be endorsed by all members of the A&R Committee.

#### Attendance at Meetings

- The A&R Committee may invite such other persons (e.g. The OAA National Board Chair, National Board Treasurer or Accounts Officer) to its meetings, as it deems necessary.
- The external auditors should be invited to make presentations to the Committee as appropriate.
- Meetings shall be held not less than at least three (3) times a year. Special meetings may be convened as required. The External auditor may convene a meeting if considered necessary.
- Meetings may be called or held using any technology determined by the Committee Chair.



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#### Agendas

- Items for the Agenda from A&R Committee members shall be submitted to the agenda/minute secretary ten (10) days prior to the meeting date.
- The agenda and supporting documentation should be distributed on-line or via email to the A&R Committee members at least seven (7) days prior to each meeting.
- Meeting Agendas should be structured throughout the year to ensure each significant responsibility of the A&R Committee is addressed.
- Additional agenda items may be added at a meeting at the discretion of the A&R Committee

#### Minutes

- Proceedings, findings and recommendation, including action sheet of all A&R Committee meetings are minuted.
- Draft Minutes shall be sent to the A&R Committee Chair no later than four (4) days following the meeting for approval or necessary changes.
- After Draft Minutes are approved by the A&R Committee Chair they are to be emailed to remainder of the Committee within three (3) days unless otherwise agreed by the A&R Committee Chair.
- Minutes are approved by the A&R Committee by email resolution and forwarded to The OAA National Board Secretary, and signed by the presiding A&R Committee Chair at its subsequent meeting.

#### Conflict of Interest

- Where an actual, potential or perceived conflict of interest arises from an A&R Committee or OAA Board member(s) discharging Committee or Board duties, declaration of the conflict must be made immediately to the Chair of A&R and reviewed at each A&R Committee meeting and also be minuted.
- The A&R Chair, in consultation with the remainder of the A&R Committee members, shall determine the appropriate course of action to resolve or minimise the impact of the conflict.
- In the event that a conflict of interest may compromise the A&R Chair's ability to be impartial in the discharge of his or her duties, a declaration of such a conflict must be made to the Chair of The OAA National Board at the time it arises and an appropriate management approach agreed. The A&R Committee is to be advised of that declaration and the agreed management approach at the beginning of each A&R Committee meeting for noting and minuting.



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#### **Roles and Responsibilities**

The Committee will monitor and supervise the following:

#### **The scope of work, performance and independence of the external auditor**

- Review the external auditors' proposed audit scope and audit approach, including materiality, for the current year in the light of the Board's circumstances and changes in regulatory and other requirements.
- Regularly review with the external auditor any audit problems or difficulties the auditor encountered in the normal course of audit work including any restriction on audit scope or access to information.
- Ensure significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- Ensure management responds promptly to recommendations made by the external auditors.
- Discuss with the external auditor the quality of accounting policies applied in the company's financial reporting.
- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Review all representation letters signed by management and ensure that the information provided is complete and appropriate.
- Review, with appropriate staff, the effectiveness and integrity of financial reporting, including the Annual Financial Statements.

#### **The scope of work, performance and independence of other reviews/audits**

- Review reports from other reviews/audits, consider and respond to matters raised within the relevant reports and ensure implementation of changes, where required.
- Review the effectiveness of management information systems (IT) and other systems of internal control.

#### **The operation and implementation of the risk management framework**

- Review the Board's policy for the supervision and management of business risks.
- Oversee overall risk management strategy/framework and ensure the required actions are appropriately resourced.
- Oversee the establishment and implementation of the Board's risk management system.



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- Ensure that the Board has identified and reviews and regularly updates the profile of the principal strategic, operational and financial risks to which it is exposed and assess the appropriateness of the steps management has taken to manage these risks.
- Review trends on the Board's risk profile, reports on specific risks and the status of the risk management process.
- Monitor performance of management in implementing risk management responses and internal control rectification activities and ensure that there are appropriate systems for identifying and monitoring risks in place and that these are operating as intended.

#### **Matters of internal control affecting the operations of the Association.**

- Ensure any internal control recommendations made by the external auditors, and approved by the Committee, have been implemented by management i.e. track all agreed action points from audit.
- Evaluate the process the Board has in place for assessing the effectiveness and efficiency of, and continuously improving internal controls, particularly those related to areas of significant risk e.g. fraud, code of ethics, etc.
- Assess whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk.
- Review the Board's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
- Obtain regular updates from Management and the Board's legal counsel regarding compliance matters that may have a material impact on the Board's reputation or financial statements.
- Make appropriate enquiries to satisfy that all regulatory compliance matters, related to the business of the Board, have been considered in the preparation of the financial statements.
- Review the findings and recommendations of any examinations by regulatory agencies.

#### **Performance**

In a manner the A&R Committee deems appropriate, conduct an annual performance self-evaluation regarding its functions, as set out in the Charter.

#### **Confidentiality**

Members will be subject to the confidentiality requirements of The OAA National Board

#### **Wind up of entity**

Ensure statutory wind up regulations are complied with.