

Terms of Reference Finance and Audit Committee

Final – November 2018

Scope and Mandate

Masters Swimming WA Inc. is a not-for-profit State Sporting Association. The Finance and Audit Committee is established in the Bylaws of the organisation to assist with the management of financial risk and investments. If there is a discrepancy between these Terms of Reference and the Bylaws, the Bylaws will take precedence.

The Audit and Finance committee is a Committee appointed by the Board of Masters Swimming WA Inc. with the responsibility for the sound fiscal management of the organisation's finances and financial reporting to the Board including to direct and monitor the investment of the assets of MSWA for the sole interest of the members. The Committee should therefore discharge its duties with due care, skill and diligence as a prudent investor would under natural circumstances.

Administration of the committee

The committee is tasked with:

- Minutes of the meetings
- Reporting to the Board
- Meetings
- Evaluating performance (financial)

Authority

The committee has no authority to make decisions on behalf of the Board, to approve financial expenditure or commit the organisation to activities or undertakings not otherwise approved by the Board unless under delegated authority.

Accountability

The Audit and Finance Committee reports to the Board of Directors of Masters Swimming WA Inc.

The Audit and Finance Committee Terms of Reference may only be amended by the Board of Directors of Masters Swimming WA Inc.

Roles and Responsibilities

The Audit and Finance Committee is mandated to:

- Ensure sound accounting practices and internal controls are appropriately established and followed;
- Ensure compliance with all financial legislation, guidelines, policies, industry standards and ethical requirements;
- Review MSWA Financial Policies and make recommendations to the Board;
- Financial management and reporting of fraud;
- Review MSWA audit report, management budget and financial statements; and
- Appointment reviews for the MSWA auditor, banker, and financial advisor (if any)

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- Determine the organisation's risk tolerance and investment time horizon in consultation with the Board
- Ensure that the investment objectives, policies, and guidelines are consistent and appropriate
- Review the investment environment and/or needs of the organisation
- Report on the investment performance and financial condition of the Investment to the Board on a half-yearly basis

The committee is not a policy-making body nor does it have substantive executive function. However, it assists the board in developing board policy and monitoring organisational activity within the scope of its remit, and making recommendations to the board for resolution. The role of the committee includes assisting the board with the organisation's governance and exercising of due care, diligence and skill in relation to:

Audit

The committee will:

- review the audited annual financial statements before their presentation to the board, to ensure they represent a true and fair view of the organisation's financial position and performance and the organisation's cash flow
- periodically review the appointment, terms of engagement and remuneration of the external auditor
- meet with the external auditors to review results and discuss the adequacy and effectiveness of accounting and financial controls and any issues the external auditors wish to raise
- ensure a system is in place to assess the appropriateness and compliance with the organisation's internal control systems
- ensure the independence of the external auditors.

Financial Management

The committee will:

- advise the board on financial management and reporting matters, including the financial processes and procedures of the organisation
- review the proposed annual budget, assessing alignment to strategic and business plans and appropriateness of underlying assumptions before recommending it to the board
- review the organisation's monthly financial reports in a timely manner, making recommendations to the board as required
- monitor the solvency of the organisation and raise any concerns to the board's immediate attention

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Risk Management

The committee will:

- assess and monitor risks to the organisation and recommend strategies to the board to manage and mitigate the identified risks through the risk management plan
- monitor compliance with applicable laws, regulations, standards, contracts and best practice guidelines
- review the level and type of insurance coverage for the organisation and make recommendations to the board as required.

Authority

The board authorises the finance and audit committee, through the committee chair, to:

- oversee the appointment, compensation and work of any registered company auditor employed by the organisation
- resolve any disagreements between management and the auditor on financial reporting
- pre-approve all audit and non-audit services prior to seeking board approval
- seek any information it requires from employees directed to co-operate with the audit committee's requests, or from external parties.

Composition

The Finance and Audit committee will consist of at least three, and no more than five members. The composition shall be

- a minimum of two members of the Board with a maximum of three
- a minimum of one appointed member with investment and accounting experience with a maximum of two appointed members
- the Board will determine the chair of the committee

The term of appointment of the committee members who are directors will coincide with their board tenure. The tenure of any other committee members will be determined at time of appointment.

The chair of the committee must be non-executive and independent, and must not be the chair of the board. The Executive Officer (Secretary), as an observer to the Board, is a non-voting member of the Committee.

Invitees

Other people may attend meetings of the audit committee by invitation, for example: External audit provider.

They may take part in the business and discussions but have no voting rights. On occasion, the executive and management personnel may be asked to leave the meeting because the committee requires a closed session with or without the external audit provider.

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Meetings

The Finance and Audit committee will meet at least four times a year and hold extra meetings as required. A request for a meeting from the external auditors must be met.

A quorum will be more than half of the members. In the chair's absence, the members who are present will select a chair for that particular meeting.

The notice and agenda of a meeting will include relevant supporting papers and must be made available to committee members at least 48 hours prior to the meeting date.

The Finance and Audit committee may invite other people to attend a meeting, consult other people or seek any information considered necessary to fulfil its responsibilities. The members may meet separately with auditors. It may be useful to communicate if meetings are expected to be face-to-face or by teleconferencing.

Voting

Voting Matters will generally be decided by consensus or, if a consensus can't be reached, by a majority of votes from the members present.

Secretariat duties

The Executive Officer will act as secretary to the audit committee.

The secretary will help the chair to develop and distribute the agenda, papers, minutes and calendar.

Minutes

Minutes must be prepared, approved by the chair and circulated to the members within two weeks of a committee meeting. The minutes must be ratified and signed by the chair at the following meeting.

Reporting to the board

The chair of the Finance and Audit committee is to report to the board following each committee meeting. They may distribute a copy of the minutes supplemented with other necessary information, including recommendations requiring board action and/or approval.

The chair is to organise the information relating to the Finance and Audit committee to be included in the organisation's annual report.

Reviews

The Finance and Audit committee will review its performance on an annual basis. The review may be conducted as a self assessment and will be coordinated by the chair. The assessment may seek input from any person.

Training needs will be monitored by the chair.

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The Finance and Audit committee should review this Terms of Reference and its composition annually to ensure that it remains consistent with the board's objectives and responsibilities. The board should consider the committee's review and either approve or further review the committee's charter and/or composition.

Discipline

All Committee members shall be subject to the MSWA Code of Conduct and shall maintain confidentiality relating to the Committee's business. Breaches of the Code of Conduct or confidentiality shall result in the member being stood aside from participation as a member of the committee until the Board is able to deal with the matter under MSWA policy.

Conflicts of Interest

Members of the Committee and invitees will be required to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest shall be recorded in the organisation's Conflict of Interest Register and need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from discussions on the issue where a conflict exists.

Dispute Resolution

If an impasse is met and cannot be resolved through the Committee, by agreement the issue is to be referred to the Board for resolution or action.

History

Terms of Reference drafted October 2018, presented to Board on 7th November 2018 for review.