



## **Finance, Risk & Audit Committee Charter**

The Finance, Risk & Audit Committee plays a key role in assisting the Board to fulfil its corporate governance and overseeing responsibilities in relation to Golf Australia's financial reporting, internal control systems, regulatory and compliance requirements, risk management systems (including insurance) and the internal & external audit functions.

It is important for the members of the Finance, Risk & Audit Committee & Board of Directors to recognize that delegation of responsibilities to a committee does not absolve the individual board directors of their director responsibilities.

### **Objectives**

To assist the Board of Directors to discharge its responsibilities to ensure due care, diligence and skill in relation to the entity's:

- Reporting of financial information
- Application of accounting policies
- Financial management
- Internal control systems
- Risk management (including insurance)
- Business policies & practices
- Protection of the entities assets (both fiscal & non-fiscal)
- Compliance with applicable laws, regulations, standards and best practice guidelines
- Ensure the independence of the external auditor and review external auditor recommendations

It is key for providing formal communication between the Board and senior financial management, improving efficiency of the Board by delegating tasks to the Finance, Risk & Audit Committee thus allowing more time for issues to be discussed in sufficient detail, improving the effectiveness of the internal audit functions and being the forum for improving communications between Board and the Auditors. It will also ensure the independence of the external auditor.

### **Structure & function**

The following structure is recommended for the Golf Australia Finance, Risk & Audit Committee:

- A chair nominated from the Board with financial experience, but not the Chair of the Board. The chair shall prepare the minutes.
- Three independent committee members drawn from experience that will assist the Finance, Risk & Audit Committee function – both business and financial e.g. Legal, IT, human resources marketing, insurance & financial.
- The Chairman of Golf Australia shall be ex-officio.
- Finance, Risk & Audit Committee members require Board approval.
- The committee at the request of the Board may investigate any matter delegated to it.
- Shall have direct access to the internal & external auditors and other reviewers (e.g. insurance brokers)
- Shall meet at least two times per annum with other ad hoc meetings as required.
- A quorum shall be two members
- Will report to the minutes of the meetings to the Board
- The Board will monitor the Finance, Risk & Audit Committee's performance & compliance to this Charter.
- The Finance, Risk & Audit Committee does not include the CEO and/or Manager-Administration however they may be invited to attend to improve the efficiency of the committee.

### **New Member induction**

New Finance, Risk & Audit Committee members shall be provided with the following:

- This charter
- Financial reports
- Risk Management system
- Internal control system
- Legal and regulatory requirements, including external reporting and compliance issues
- A list of contracts
- Any unusual transactions
- Background briefing on key audit issues and risk areas currently under review

### **Meetings**

Meetings shall be organized as follows:

- An agreed schedule will be prepared and ad-hoc meetings called as agreed. Meetings shall be organised taking into account risk issues, the budget and financial reporting cycle and the timing of board meetings.
- An agenda with supporting papers prepared by the Chair
- Items to be placed on the Agenda (including that from management) shall be provided four days prior to the scheduled meeting.
- Meetings shall be minuted and signed by the Chair.

- Management may attend committee meetings only when invited by the committee.

### **Reporting**

The Chairman of the Finance, Risk & Audit Committee will report formally to the Board following each meeting covering at least the following:

- Finance, Risk & Audit Committee minutes
- Any recommendations
- Information about the audit process
- Any determination about the external auditors independence
- Review of the charter
- Other matters requiring Board attention
- Recommendations requiring Board action

Annually the Finance, Risk & Audit Committee should also provide an external report in Golf Australia's annual report. This report should include Finance, Risk & Audit Committee membership, operations, and a financial summary of Golf Australia's activities. This shall be approved and/or received by the Board.

### **Responsibilities**

The Finance, Risk & Audit Committee main responsibilities are as follows:

- External reporting
  - Appropriateness of accounting policies and principles.
  - Assess significant estimates and judgements in financial reports
  - Establishment and continuous monitoring of a framework that ensures compliance with laws, regulations and other requirements, (including Accounting Standards, Incorporations Act/Corporations Law, of financial and non-financial information
  - Ask the external auditor for and independent judgement about the appropriateness, not just the acceptability, of the accounting principles used and the clarity of financial disclosure practices.
  - Review reports to regulators and make recommendations to the Board on their approval or amendment.
  - Review the internal audit function
  - Recommend to the Board whether or not the financial and non-financial statements should be signed on the Finance, Risk & Audit Committee's assessment of them.
- Related-party transactions
  - Review and monitor the propriety of related-party transactions
- Internal control & risk management
  - Assess the internal process for determining and managing key risk areas, particularly:
    - Non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial regulations;
    - Important judgments and accounting estimates

- Litigation & claims
  - Fraud & theft
  - Relevant business risks other than those dealt with by other specific Board committees.
- Ensure an effective risk management system and that macro risks are reported at least annually to the Board.
- Evaluate the process for ensuring continuous improvement of internal controls especially in areas of significant risk.
- Address the effectiveness of Golf Australia's internal control system with management and the internal and external auditors.
- Meet periodically with key management, internal and external auditors and compliance staff to understand and discuss Golf Australia's control environment.
- External audit
  - Make recommendations to the Board on the appointment and remuneration, effectiveness and independence of the external auditor
  - Listen to management if the auditor needs replacement or the audit needs to be put out to tender, and to review such a tender.
  - Agree the terms and fee at the start of each external audit.
  - Review all representation letters signed by management and ensure the information is complete and accurate.
  - Provide the opportunity for committee members to meet the external auditors, without management, once a year.

6<sup>th</sup> July 2006