



# **Finance, Audit and Risk Committee Terms of Reference**

**2022**

## 1. Introduction

### 1.1. Purpose

The Finance, Audit and Risk Committee (the **Committee**) appointed by the Board assists the Board in fulfilling its oversight responsibilities relating to the:

- preparation and integrity of Skate Australia's management accounts, financial statements, budgets and Annual Report
- internal controls, policies and procedures that Skate Australia uses to identify and manage business risks
- insurance activities
- qualifications, independence, engagement, fees and performance of Skate Australia's External Auditor
- External Auditor's annual audit of Skate Australia's financial statements
- Skate Australia's compliance with legal, regulatory requirements and compliance policies.

The existence of the Committee does not imply the fragmentation or diminution of the role of the Board to ensure the integrity of Skate Australia's financial reporting.

### 1.2. Authority

The Board has authorised the Committee, within the scope of their duties and responsibilities set out in this charter to:

- perform the activities required to address its responsibilities and make recommendations to the Board
- resolve any disagreement between Management and the External Auditor, with areas of significant disagreement advised to the Board;
- select, engage, and approve fees for any professional advisers that the Committee may require to carry out its duties;
- require the attendance of any Skate Australia employees at meetings as appropriate; and
- have unrestricted access to management, employees and information it considers relevant to its responsibilities under this charter.

### 1.3. Composition and Membership

The Committee shall comprise five members, of which two members shall be Directors of Skate Australia and three will be Independent Members. One Independent Member shall be Independent Chair.

The Board, on the recommendations of the Nominations Committee, will appoint the Independent Members and Chair. Directors will self nominate.

The Board must aim to ensure diversity of the Committee in terms of skills, gender, age, background, disability, geographic location and general experience.

When appointing Members, the Board should ensure there is an appropriate mix of skills and experience on the Committee to enable it to successfully undertake its responsibilities. These skills and experience may include:

- Financial management

- Risk management
- Internal and/or external audit and controls
- Insurance
- Governance, including contributing to not for profit boards and committees

At least one independent member must be a Certified Practising Accountant or Chartered Accountant with current membership of CPA Australia or Chartered Accountants Australia and New Zealand.

All Members must:

- be able to read and understand financial statements and challenge information presented in Committee meetings.
- have a high degree of ethics and integrity
- complete the Sport Australia Director Education Course (2 hours, no fee) and provide a certificate of completion to the Company Secretary prior to their first Committee meeting.

The Company Secretary or their designate is the Committee Secretary.

#### **1.4. Term**

Independent Members are appointed for a term of three years, with the initial appointment of at least one Independent Member to be made for a lesser term to enable future continuity and the end of all terms to be February 28<sup>th</sup> to enable a consistent workload for the Nominations Committee.

Directors nominate and are appointed annually at the Board meeting following the Annual General Meeting.

Nominations will be publicly invited as vacancies arise. Members are eligible for re-appointment to a maximum term of six years.

#### **1.5. Chair**

The Nominations Committee proposes the Independent Committee Chair for approval by the Board.

Should the Committee Chair be absent from a meeting, the Committee Members present must appoint a Chair for that particular meeting, who should not be the Chair of the Board.

#### **1.6. Education**

The Board is responsible for providing new Committee members with an appropriate induction program and ongoing educational opportunities where practical.

#### **1.7. Meetings**

A schedule of meetings shall be set annually and The Committee meets six times per year at least twice per year and participants may attend by video conference (including Skype) and/or teleconference.

The Committee Chair, any Committee Member or the Committee Secretary may call a meeting of the Committee.

#### **1.8. Meeting Attendance**

Any person may be invited by the Committee Chair to attend meetings of the Committee, but not necessarily for the full duration of the meeting. A standing invitation shall be issued to:

- Chief Executive Officer
- Chief Financial Officer/Finance Manager
- Engagement Partners of the External Audit Firm

### **1.9. Quorum and Voting**

A quorum must consist of three members of the Committee.

The Committee Chair shall not have a second or casting vote.

### **1.10. Minutes**

The Committee Secretary or delegate must prepare the minutes of the Committee within seven (7) working days. After the Committee Chair has given preliminary approval, the draft minutes are circulated to all Committee members and submitted to the Board at its next meeting.

### **1.11. Reviews**

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

## **2. Duties and Responsibilities**

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

### **2.1. Assessment of financial information**

- Review any significant accounting and reporting issues, including professional and regulatory announcements and to understand their effect on Skate Australia's financial statements.
- Review the management accounts of Skate Australia before submission to the Board.
- Review the annual financial statements of Skate Australia which require approval of the Board and discussion of the financial statements with the External Auditor and management before submission to the Board.
- Review draft budgets proposed by management and make recommendations to the Board for approval.
- Review, for potential conflicts of interest situations, and pre-approve any related party transactions on an on-going basis.

### **2.2. External Auditor**

- Recommend to the Board the appointment, evaluation and dismissal of the External Auditor, including independence matters.
- Review and approve the External Auditor's proposed audit plan and audit approach, including materiality levels.
- Review and agree on the terms of engagement and the audit fees for the External Auditor prior to the commencement of each audit.
- Review the External Auditor's summary management report, detailing the results and significant findings from the audit, and management responses.
- Meet with the External Auditor, without management present.

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### **2.3. Business Risks and Internal Controls**

- Prepare and recommend the approval of Skate Australia's risk management policy to the Board and oversee the risk management system and its resourcing.
- Prepare, recommend to the Board and monitor Skate Australia's risk profile covering the principal enterprise-wide risks, including strategic, operational, legal and financial.
- Review the operational effectiveness of the policies and procedures to risk and Skate Australia's internal control environment.
- Review and make recommendations regarding the viability of business proposals provided to the Board.
- Review the effectiveness and value for money of Skate Australia's insurance activities.

### **2.4. Compliance**

- Review the effectiveness of Skate Australia's approach to achieving compliance with laws, regulations, industry codes and Organisation policies.
- Review any correspondence from regulatory bodies regarding significant issues.
- 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.

### **2.5. Reporting**

- Minutes of Committee meetings will be submitted to the Board at its next meeting.
- The Committee Chair will report to the Board on the Committee meetings regarding all relevant matters and appropriate recommendations in a written report (with supporting material) for noting or approval by the Board.
- The Committee Chair will ensure that the Board Chair and the Board are immediately informed of matters that may impact significantly on the financial condition or reputation of Skate Australia.

### 3. Audit and Risk Committee Annual Agenda

Structure and skills	Scheduled meetings					
	Jan	Mar	May	Jul	Sept	Nov
Review Audit and Risk Committee charter and Annual Agenda	X					
Assess Committee's independence, financial literacy, skills and experience	X					
Establish number of meetings for forthcoming year	X					
Committee Chair to establish meeting agenda and required attendees	X	X	X	X	X	X
Enhance financial literacy- update on current financial events		X				
Perform an evaluation assessment on the Committee's and individual Member's performance	X					
<b>Assessment of financial information</b>						
Review management accounts	X	X	X	X	X	X
Review significant accounting and reporting issues				X		
Review financial matters affecting the year end				X		
Review and approve annual financial statements					X	
Review the draft annual budget		X	X			
Review with Management its evaluation of Skate Australia's internal control structure and procedures for financial reporting, including any significant deficiencies or material weaknesses			X			
Review and discuss any reports submitted by the External Auditor detailing any instances of fraud or possible illegal acts on the part of Senior Management						
Review process, policies and procedures for continuous disclosure obligations			X			
Review conflicts of interest and related party transactions			X			
<b>External Auditors</b>						
Recommend appointment and review performance						X
Review audit plan and scope of audit work and any changes thereto			X			
Approve audit fees and terms of engagement			X			
Consider objectively the independence of the External Auditor, including obtaining written confirmation of their independence						X
Review the External Auditor's report and findings and progress on Management actions					X	
Discuss any significant changes in accounting standards					X	
Discuss appropriateness of accounting policies, estimates and judgments					X	
Discuss the External Auditors' view on control environment, including fraud risk management					X	



Resolve any disagreement between Management and the External Auditor in the financial reporting and report any significant issues to the Board					X	
Discuss issues with the External Auditor in the absence of Management					X	
Review report from the External Auditor on quality control procedures					X	
Review the External Auditor's process for rotation						X
<b>Business Risk and Internal Controls</b>						
Recommend the approval of the risk management policy to the Board		X				
Review and monitor business risks and internal controls and report to the Board		X				
Ensure executive remuneration risk and controls are linked to the overall risk profile		X				
Review insurance activities				X		
<b>Reporting</b>						
Maintain minutes and report to the Board	X	X	X	X	X	X

**Review History**

Date	Revisions Made	Board approval
July 2022	Initial Terms of Reference	19 July 2022