

Finance, Audit and Risk Committee

Terms of Reference

1. Introduction

The Board of Softball WA (“SWA”) has established a Finance, Audit and Risk Committee to assist it manage the financial and operational risks of SWA. This document is the Terms of Reference of the Finance, Audit and Risk Committee.

2. Purpose

The Finance, Audit and Risk Committee (“the Committee”) is responsible for:

- Assisting the organisation in development or review of policies and procedures that contribute to the safeguarding and integrity of SWA’s financial reporting and systems of internal control.
- Review of SWA’s financial statements periodically to oversee the integrity of SWA’s financial position.
- Oversee the independence and competence of external auditors to SWA.
- Provide appropriate advice and recommendations to the Board to assist the Board fulfil its corporate governance responsibilities in regard to financial reporting, internal control systems and audit management.
- Oversee the development and review of SWA’s overall Risk Management Plan.

3. Authority

The Committee is empowered by the Board to perform the following activities and pass resolutions relating to Section 6 of this Terms of Reference:

3.1 Investigate any activity it deems appropriate, consistent with its responsibilities and duties.

3.2 Seek explanations and additional information from management and any officer/employee of SWA all of whom must co-operate with any request made by the Committee.

3.3 Meet with external auditors.

3.4 Resolve any disagreements between management and the external auditors.

3.5 Carry out any activities, determinations, decisions or resolutions delegated by the Board to Committee.

3.6 Engage any firm of accountants, lawyers or other professional’s as the Committee see fit to provide independent advice and to assist in any review or investigation on such matters as the Committee deems appropriate, and all associated costs will be borne by SWA. Any associated expenditure at all

times will be in line with the Boards invested authorities and those of the Committee.

4. Membership

The Board will appoint the members of the Committee and the Chair of the Committee (who must not be the Chairperson of the Board). The Committee will be comprised of at least two members of the Board and CEO.

The Chairperson must not be a member of the Finance, Audit and Risk Committee. All members of the Committee should be financially literate (that is to be able to read and understand financial statements). It is preferred that at least one member be a qualified accountant or other finance professional with significant relevant finance and/or accounting expertise and have a good knowledge and use of financial packages. At least one member of the Committee must have significant relevant understanding of the business of SWA.

Members will be appointed for a two-year term and can be re-appointed.

The external auditors and any members of staff as requested by the Chair, are entitled to attend the Committee meeting. The Chair may invite other members or external parties (as appropriate) to attend all or part of any Committee meeting.

The Board may, in its discretion, remove members of the Committee from time to time if the Committee Member:

- a) Dies;
- b) Becomes bankrupt or makes any arrangement or composition with their creditors generally;
- c) Becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- d) Resigns from their position in writing to the Association;
- e) Is absent without the consent of the Chair of the Committee from all meetings of the Committee held during a period of six months;
- f) Without prior consent or later ratification of the members of the Association in General Meeting holds any office of profit under the Association;
- g) Is directly or indirectly interested in any contract or proposed contract with the Association and fails to declare the nature of there interest;
- h) Has been expelled or suspended from membership (without further recourse under the rules of the Association or rules of Softball Australia);
- i) In the opinion of the Board in its discretion:

- i) Has acted in a manner unbecoming or prejudicial to the objects and interests of the Association and/or softball; or
- ii) Has brought the Association, any Affiliated Body or Softball into disrepute.

5. Meetings

5.1 Quorum and Voting

A quorum for any Committee meeting will be two members and the CEO. A duly convened meeting of the Committee at which the quorum is present shall be sufficient to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. In the absence of the Chair, the members of the Committee will elect another Board member to be a standing member of the Committee.

Each member will have one vote including the Chair.

Meetings may be held, and resolutions passed by means of a conference call or similar communications equipment, or by any other means of which Board meetings may be held and resolutions passes under the provisions of the SWA constitution and the Associations Incorporations Act 2015.

5.2 Frequency

The Committee will meet a minimum of four (4) times per year and more frequently if required, as determined by the Chair.

5.3 Calling meetings

The external auditors may convene a meeting by making a request to the Chair.

The Committee shall meet at least annually with the external auditors to discuss any matters the Committee considers relevant for the purpose of the Committee.

The Committee or the Chair of the Committee may invite non-Committee members to attend its meetings as deemed necessary from time-to-time.

5.4 Schedule of meetings

The Chair is required to call a meeting of the Committee upon request by either a Committee member, the CEO, the Chair of the Board or the external auditors.

At the first Committee meeting of it's two-year cycle the Committee will develop an Annual Work Plan comprising of the key activities over the two-year period. This Work Plan will determine future meeting Agenda's.

The Agenda (approved by the Chair) and supporting documentation should be delivered to the Finance, Audit and Risk Committee members, where possible in the last day of the week preceding the meeting.

5.5 Report

The Committee will report to the Board on all matters relevant to the Committee's responsibilities after meetings including:

5.5.1 Reviews of SWA's budget at interim periods of the year.

5.5.2 Assessing whether SWA's internal and external reporting is consistent and is adequate for member and key stakeholder needs.

5.5.3 Monitoring and assessing the adequacy, integrity and effectiveness of internal controls supporting financial reporting.

5.5.4 The procedure for the selection and appointment of external auditors in accordance with clause 3.6.

5.5.5 Recommending the appointment or, if necessary, the removal of external auditors.

5.5.6 Assessing the performance and independence of the external auditors.

5.5.7 Development and review of the organisations Risk Management Plan and any risks effecting the business' running and effectiveness.

5.5.8 Making appropriate recommendations to the Board for the approval or action by the Board.

6. Responsibilities

The Committee in meeting its primary objectives should, without limiting the extent of its responsibilities, carry out the tasks and consider various matters set out below.

6.1 Financial Statements

6.1.1 Review significant accounting, tax and reporting issues, including complex or unusual transaction and highly judgemental areas, and recent professional and regulatory pronouncements and understand their impact on the financial statements.

6.1.2 Review with staff and the external auditors the results of the audit, including any difficulties encountered.

6.1.3 Review the actual financial statements, and consider whether they are complete, consistent with information known to the Committee, and reflect appropriate accounting standards.

6.1.4 Review the relevant sections of the Annual Report and regulatory filings before release and consider the accuracy and completeness of the information.

6.1.5 Review with staff and the external auditors all matters required to be communicated to the Committee under generally accepted Auditing Standards.

6.1.6 Understand how staff develops interim financial information, and the nature and extent of internal and external auditor involvement.

6.1.7 Review interim financial reports with staff and the external auditor before filing with regulators, and consider whether they are complete and consistent with the information known to the Committee.

6.2 Internal Control

6.2.1 Consider the effectiveness of SWA's internal control system, including information technology security and control.

6.2.2 Understand the scope of the external auditor's review of the internal control system.

6.3 Financial Risk Management

6.3.1 Interface and review with the CEO the activities, staffing and structure of the financial risk management and compliance function.

6.3.2 Approve annual plans relating to the financial, risk and compliance of SWA and regularly monitor the progress of implementation of these plans.

6.4 External auditors

6.4.1 Interface with the external auditors.

6.4.2 Approve any management recommendations of the Auditor and monitor their implementation.

6.4.3 Discuss the scope of audit work with the external auditors and approve letters of engagements (including proposed fees).

6.4.4 Commission such enquiry by the external auditor as the Committee deems appropriate.

6.4.5 Make recommendations to the Board on the appointment or, if necessary, the removal of the external auditors, subject to the Associations Incorporations Act requirements.

6.5 Risk Management and Compliance

6.5.1 Develop, review and recommend SWA's Risk Management Plan and/or relevant policies.

6.5.2 Obtain regular updates from staff regarding compliance matters.

6.5.3 Review compliance with taxation requirements and tax risk management.

6.6 General

6.6.1 Review SWA's insurances at least annually, having regard to SWA's business and the insurable risks associated with SWA's business.

6.6.2 Assist the CEO to facilitate the identification and management of all significant areas of financial risk to the satisfaction of both the Finance, Audit and Risk Committee and SWA Board in an integrated way.

6.6.3 Undertake any matters referred to the Committee by the Board.

6.6.4 Formulate or review any policies that monitor or mitigate financial risk.

6.6.5 Formulate or review any policies that monitor or mitigate organisational risk.

7. Reviews

7.1 To determine whether it is functioning effectively, the Committee will evaluate its own performance on an annual basis. This will include an assessment of the extent to which the Committee has discharged its responsibilities as set out in this Terms of Reference. The results of this review will be reported to the Board.

7.2 Review of Terms of Reference

The Committee will review its Terms of Reference every two years, or otherwise as it considers necessary. The Committee shall discuss any required change with the Board and ensure its Terms of Reference is approved by resolution of the Board.

Approved by the Board – December 2016.