



FINANCE AND RISK COMMITTEE

Charter	Finance & Risk	Version	003
Responsible person	Treasurer	Scheduled review date	July 2024

1 PURPOSE

- 1.1** The Finance and Risk Committee ('the committee'), appointed by the AAP Board, assists the Board to fulfil its oversight responsibilities relating to:
- 1.1.1 Budgeting and financial planning.
 - 1.1.2 Preparation and integrity of the Association's financial accounts and statements.
 - 1.1.3 Internal controls, policies and procedures that the Association uses to identify and manage business risks.
 - 1.1.4 Engagement, fees and performance of the external auditor
 - 1.1.5 Association's compliance with legal, regulatory requirements and compliance policies.
 - 1.1.6 Investment management.
- 1.2** The existence of the committee does not diminish the Board's ultimate responsibility for decision-making relating to the work of the committee.

2 AUTHORITY

- 2.1** The AAP Board has authorised the committee, within the scope of its duties and responsibilities set out in this charter, to:
- 2.1.1 Perform the activities required to discharge its responsibilities and make recommendations to the Board.
 - 2.1.2 Resolve any disagreement between the Executive and the external auditor, with areas of disagreement being advised to The Board.

- 2.1.3 Select, engage and approve fees (within operational limits) for professional advisers that the committee may require to carry out its duties.
- 2.1.4 Through consultation with a staff member's line manager, require the attendance of any staff member at meetings, as appropriate and request access to information it considers relevant to its responsibilities under this charter.

3 MEMBERSHIP

- 3.1 The Chair of the AAP Board is responsible for nominating committee members for approval by the Board.
- 3.2 The committee will comprise at least 3 members, including the Treasurer, Company Secretary and at least one independent member (as defined in the constitution).
- 3.3 Non-Board members with appropriate skills and experience may be invited to be committee members, subject to the same requirements as Board members. However Board members on the committee must be in the majority.
- 3.4 Committee members are expected to:
 - 3.4.1 Have sufficient time to devote to their committee duties.
 - 3.4.2 Be 'financially literate' (i.e. able to read and understand financial statements and challenge information presented to committee meetings).
 - 3.4.3 Possess a good knowledge regarding the association.
 - 3.4.4 Be familiar with the legal and regulatory requirements.
- 3.5 Preferably, at least one member should have accounting or related financial expertise.
- 3.6 Committee member appointments are for an initial term of 3 years.
- 3.7 The Company Secretary or their designate is the committee secretary.

4 CHAIR

- 4.1 The AAP treasurer will be the chair of the committee.
- 4.2 The Chair of the AAP Board is not permitted to be the treasurer/committee chair.
- 4.3 Should the committee chair be absent from a meeting, the committee members present must appoint a chairperson for that particular meeting.

5 MEETINGS

- 5.1 The committee will normally meet at least once per quarter. Attendance will normally be by video conference.
- 5.2 A notice of each meeting, with relevant supporting agenda papers, confirming the date, time and venue is to be forwarded to each committee member at least 5 working days before each meeting.

- 5.3 The committee chair, the Chair of the AAP Board, or any committee member may call a meeting of the committee. The committee chair may waive the 5 working days notice period, if agreed by all members.
- 5.4 The committee chair may invite any person or persons (other than duly appointed members) to attend meetings of the committee, but not necessarily for the full duration of the meeting. A standing invitation shall be issued to other members of Board and the General Manager (or staff acting in their role).
- 5.5 At least 50% of the committee members (and a minimum of 2 people) will constitute a quorum.
- 5.6 The committee chair is not entitled to a second or casting vote.

6 MINUTES

- 6.1 The Company Secretary or delegate will normally prepare the minutes of the committee meeting within 7 working days. After the committee chair has given preliminary approval, the draft minutes are circulated to all committee members and, once approved, to the other members of The Board.
- 6.2 The minutes of the meetings must be confirmed at the next committee meeting.

7 DUTIES AND RESPONSIBILITIES

In assisting the Board to fulfil its responsibilities, the duties of the committee are as follows:

7.1 Budgeting and financial planning

As appropriate, the committee will:

- 7.1.1 Review and endorse the annual budget developed by the Executive.
- 7.1.2 Review and endorse any longer-term financial plans developed by the Executive that integrate strategic planning objectives and initiatives.
- 7.1.3 Monitor adherence to the annual budget and any longer-term financial plans.

7.2 Preparation and integrity of the Association's financial accounts and statements

As appropriate, the committee will:

- 7.2.1 Review any significant accounting and reporting issues and understand their effect on the Association's financial statement.
- 7.2.2 The committee will pay particular attention to:
 - 7.2.2.1 The consistency of accounting policies.
 - 7.2.2.2 Treatment of any complex or unusual transactions.
 - 7.2.2.3 Any donor or funder restrictions on their contribution.
 - 7.2.2.4 Issues regarding the solvency of the Association.

7.3 Internal controls, policies and procedures that the Association uses to identify and manage business risks

As appropriate, the committee will:

- 7.3.1 Evaluate and advise on the adequacy of AAP's risk management strategy and framework and, in particular that there are appropriate processes for identifying, assessing and responding to risks.
- 7.3.2 Review the Risk Register to ensure the risk profile appropriately reflects the strategic, operational, financial and reputational risks to which AAP is exposed, and evaluate the appropriateness of treatment plans developed to manage and mitigate those risks.
- 7.3.3 Monitor the status of the risk management process including trends in the risk profile and on the management of specific risks.
- 7.3.4 Refer relevant issues to the Board for consideration as appropriate.

7.4 Engagement, fees and performance of the external auditor

As appropriate the committee will:

- 7.4.1 Recommend to the Board the appointment and performance evaluation of the external auditor.
- 7.4.2 Review and agree on the terms of engagement and the audit fees for the external auditor prior to the commencement of each audit.
- 7.4.3 Review the external auditor's management letter and ensure follow up on any issue mentioned.
- 7.4.4 Meet with the external auditor at least once a year.

7.5 Association's compliance with legal, regulatory requirements and compliance policies

As appropriate, the committee will:

- 7.5.1 Review the effectiveness of the Association's approach to achieving compliance with laws, regulations, industry codes and the Association's policies.
- 7.5.2 Regularly review any new or changed compliance matters that may have a significant effect on the Association's activities.
- 7.5.3 Ensure that the Association's policies and procedures are appropriate to protect the Association and manage its exposure to risk. Key organisational policies, and any proposed amendments to those policies, should be submitted to the Board for approval.
- 7.5.4 Ensure that there is process in place for the Chair of the AAP Board and committee chair to be immediately informed of any issue of significant non-compliance or litigation.

7.6 Investment management

As appropriate the committee will:

- 7.6.1 Develop an investment plan detailing the objectives of the investment portfolio, guidelines on asset allocation based on the agreed level of risk tolerance, in conjunction with the Executive.
- 7.6.2 Ensure the Association manages its surplus cash to optimise earned income within the agreed low-risk level of risk tolerance.
- 7.6.3 Present the investment policy to the Board for approval.
- 7.6.4 Hire and evaluate performance of investment managers / advisors, if needed.
- 7.6.5 Regularly monitor the implementation of the investment plan.
- 7.6.6 At least annually review the investment policy.

7.7 Other responsibilities

As appropriate, the committee will:

- 7.7.1 Oversee related party transactions.
- 7.7.2 Review and approve contracts (subject to legal advice) relating to employees and service providers.
- 7.7.3 Review and approve criteria for tenders for service providers.
- 7.7.4 Any other responsibility the Board may ask the committee to perform.

8 REPORTING

- 8.1 In addition to providing the Board with a copy of the agenda, committee papers and minutes of its meetings, the committee will ensure that:
 - 8.1.1 The committee chair reports to the Board on committee meetings, regarding all relevant matters and appropriate recommendations, in a written report (with supporting material) for noting or approval by the Board.
 - 8.1.2 The committee addresses any other reporting responsibilities.

9 REVIEWS

- 9.1 To ensure that the committee is fulfilling its stewardship duties to the Board, the committee will:
 - 9.1.1 Review, at least annually, the committee charter and recommend any appropriate amendments to the Board for approval.
 - 9.1.2 Review the annual agenda incorporating any changes in the charter.
 - 9.1.3 Conduct an annual assessment of the committee's activities, and the committee chair should report on the findings in their report to the Board.

DOCUMENT VERSION HISTORY

Amendments

Version #	Date	Approved	Brief Description
003	28.07.2023	AAP Board	Amend clause 2.1.4 to require F&R to consult with an employee's line manager. Revise clause on budgeting and financial planning to clarify the role of the Exec in developing budgets and financial plans, with F&R acting to review and endorse.
002	26.03.2018	AAP Board	Replace clause on risk (7.3), committee name change & some minor corrections to reflect changed organisational structure
001	08.10.2014	AAP Board	New Charter