



AUDIT AND RISK COMMITTEE

Terms of Reference

BACKGROUND

The Board of Management (“the Board”) of St Michael’s Association Inc. (ABN: 17 850 072 308) (“St Michael’s”) has resolved pursuant to Clause 28(1) of its Constitution to establish a sub-committee to be known as the Audit and Risk Committee (“the Committee”).

These Terms of Reference set out the purpose, role and responsibilities of the Committee, together with its membership and operating arrangements. The Terms of Reference reflect the Board’s current priorities.

PURPOSE

The purpose of the Committee is to assist the Board in dealing with financial, budgetary, risk, insurance and other related matters as a key part of its ongoing good governance. The Committee is not a policy-making body, it is to assist the Board in developing Board policy, monitoring financial, budget and risk activities and monitoring and making recommendations to the Board for resolution where required.

ROLES AND RESPONSIBILITIES

The Committee is authorised to exercise those Board powers expressly delegated to it in these Terms of Reference. The Committee is accountable to the Board for its performance.

The role of the Committee is to:

- monitor the organisation’s financial management and performance;
- consider any proposed adjustments to the budget prior to their consideration by the Board;
- oversee the annual budgeting process including a mid-year review;
- review the annual financial report and future budget prior to consideration by the Board in June each year;
- ensure the accounts meet Professional Accounting Standards;
- ensure the accounts are within the budget parameters set by the Board;
- review and suggest policy/ procedures on financial, budget, risk and insurance matter;
- determine risks facing St Michael’s including contract compliance and audit recommendations; and
- any other matters that may concern the viability of St Michael’s.

Nothing in these Terms of Reference limits any powers or responsibilities of the Board.

The Committee must report to the Board at least once per financial year on its operation and activities during the relevant year. The report should include:

- details of meetings, including the number of meetings held during the relevant period, and the number of meetings each Committee Member attended;
- a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year; and
- A high level summary of any recommendations made to the Board as described below.

The Committee may, at any time, report to the Board orally or in writing on any other matter it deems of sufficient importance to do so.

MEMBERSHIP AND TENURE

The Board is responsible for the appointment of Committee members. The Committee membership will be constituted wholly by Directors or partly by Directors and partly by other persons.

Pursuant to Clause 28(3) of the Constitution the Committee will consist of at least three members.

The Committee will comprise the following members appointed by the Board:

- the Treasurer (who will Chair the Committee);
- at least two (2) other Directors;
- any other co-opted persons that the Committee thinks fit; and
- any other persons, as determined by the Chair, but will not be members of the Committee.

Pursuant to Clause 28(2) of the Constitution *“the committee may co-opt as members of a sub-committee such persons as it thinks fit, whether or not those persons are members of the Association, but a persons so co-opted is not entitled to vote.*

The Committee will be assisted by relevant members of the St Michael’s Management Team, including the CEO and the Director of Finance and Administration. These people may participate in the business of the Committee but have no voting rights.

Committee members will be appointed for a term of two (2) years and will be decided by the Board at its first full meeting after the Annual General Meeting that endorsed the new Board. Committee members may be eligible for extension or re-appointment for further terms if so appointed by the Board.

The Board may, by notice in writing, remove or replace a member of the Committee before the end of their term. A member of the Committee might be replaced for misbehaviour, mental or physical incapacity or if the Board is of the opinion a Committee Member’s performance has been unsatisfactory for a significant period of time.

A Committee member will cease to be a member of the Committee when that member ceases to be a Director of St Michael’s.

The Committee will consider, at least annually, meeting with the external auditor to discuss any matters of significance that arose during the audit process.

COMMITTEE MEETINGS

The Committee will meet monthly (except for the month of January), and otherwise where considered by the Chair to be necessary, to undertake its role effectively.

All Committee members are expected to attend each meeting in person or through other approved means such as teleconferencing or video conferencing.

A quorum will be more than half the members. In the Chair’s absence from a meeting, the members present will select a chair for that particular meeting from the member Directors present.

A quorum must be in attendance at all times during the meeting.

Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Where there is a real or perceived conflict of interest, they will be excused from committee discussions on those issues.

Any matters requiring decision generally will be decided by consensus, or if a consensus is not achievable, then by a majority of votes of members present. The Committee Chairperson has a casting vote, if necessary, in addition to any vote they have as a member Director.

The notice and agenda of a meeting will include relevant supporting papers. Minutes will be kept and be considered and ratified at the next meeting of the Committee. They will be circulated in draft form to the full Board for consideration at the next scheduled Board meeting.

BOARD OVERSIGHT

The Board will oversee the work of the Committee through receipt of the draft Minutes of Committee meeting, together with a report from the Committee's Chairperson.

The Committee must provide to the Board each month the following:

- draft Minutes of Committee meetings;
- a Variance to Budget Report;
- a Profit and Loss Statement;
- a Balance Sheet;
- an Accounts Payable Report;
- an Accounts Receivables Report; and
- any other report/s deemed necessary by the Committee or the Board.

The Board retains responsibility for decisions and the performance of the Committee.

INDEPENDENT EXTERNAL ADVICE

The Committee or an individual Committee member may engage an independent external adviser in relation to any Committee matter, at the expense of St Michael's. Before the external advice is sought, consent must be obtained from the Chair of the Committee.

REVIEW OF COMMITTEE

The Chair of the Committee, in consultation with the Board, will initiate a review of the performance of the Committee once per year.

The review will be conducted on a self-assessment basis (unless otherwise determined by the Board) with appropriate input sought from the Board, the CEO, management and any other persons the Board considers appropriate.

The Committee will review these Terms of Reference at least once during its term to ensure that they remain consistent with the Board's objectives and responsibilities.

Any substantive changes to these Terms of Reference will be recommended by the Committee and formally approved by the Board.