



Finance, Audit & Risk Management Committee – Terms of Reference

Finance, Audit & Risk Management Committee – Terms of Reference

Name of Document:	Finance, Audit and Risk Committee - Terms of Reference
Version:	Version 1.1
Created:	Equestrian South Australia Board of Management 14/04/2016
Last Reviewed:	15/06/2022
Date of next review:	06/2024
Approved:	ESA Board
Date:	15/06/2022

Revision history:		
Version:	Date superseded	Reason for change
1.0	15/06/2022	Initial version.
1.1		Update for required committee numbers

© Equestrian South Australia 2022

All rights reserved

Reproduction in any form is not permitted without contacting:

The Executive Officer

Equestrian South Australia

Unit 10, 2 Cameron Road

MOUNT BARKER SA 5251

P: [+61 8 8391 0488](tel:+61883910488)

E: manager@sa.equestrian.org.au

www.sa.equestrian.org.au

FINANCE, AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

1. Purpose

- 1.1 The Finance, Audit and Risk Management Committee (FARMC) is the principal committee of the Equestrian South Australia (ESA) Board which provides oversight of risk at the enterprise level. It is responsible to the ESA Board for leadership, strategy and assurance in relation to:
- the financial strategy, financial performance and sustainability of Equestrian South Australia;
 - providing recommendations on the integrity and acceptance of the financial statements by the ESA Board;
 - assuring an effective and independent audit and risk assessment function for ESA;
 - providing independent advice and assurance to the Board on processes of governance, risk management and internal control in line with leading practice;
 - internal processes and controls for ensuring compliance with statutory and regulatory requirements, codes of conduct and reasonable membership and community expectations.

2. Powers and Responsibilities

- 2.1 The FARMC has the authority to request information it requires from ESA, its discipline committees or any employee and to discuss any matter with the external auditors. Such requests and discussions will be restricted to financial or operations procedural matters only.
- 2.2 The FARMC is authorised to seek independent, professional advice as it considers necessary.
- 2.3 The FARMC has no executive powers, supervisory functions or decision-making authority in relation to the operations of ESA. It functions in an oversight and review role and to make recommendations to the Board.
- 2.4 Committee members are responsible for ensuring the efficient and effective operation of the FARMC and with support from ESA, for taking appropriate steps to ensure they have the requisite knowledge and training to undertake their role.
- 2.5 The FARMC will encourage the development of high standards of probity and ethical behaviour in everything ESA does.

Finance, Audit & Risk Management Committee – Terms of Reference

3. Membership

3.1 Membership is appointed by the Board and consists of a minimum of three members.

3.2 In combination, its members need:

- A sound understanding of Equestrian Australia and ESA governance issues (including discipline committee perspectives) and effective strategic and communication linkages with the Board.
- Professional and independent advice on finance, audit and risk (including IT risk) at an enterprise level. This may require the recruitment of external members to the committee.

3.3 The following capabilities are deemed requisite for the Committee as a whole, and Committee members should demonstrate at least two of the following.

- A sound understanding of the core functions of ESA.
- Financial literacy and commercial acumen.
- Management of internal audit programs and external auditors.
- Experience and competence in advising on the treatment of enterprise risk.
- A sound understanding of Information Management and Information Technology (IM & IT) enterprise strategy and risk.

3.4 The ESA Board will review the membership on an annual basis.

3.5 New members of the FARMC will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

4. Meetings

4.1 The FARMC will meet at least four times a year. Additional meetings may be held as required. The Chair is required to convene a meeting if requested to do so by another FARMC member or by the ESA Board. A quorum will be 50% of members.

4.2 Other Board members and discipline committee representatives will be invited to attend FARMC meetings when the Committee is discussing areas of risk or operation that are the responsibility of those individuals.

4.3 The Executive Officer will be invited to attend regularly. At a minimum, this should be when the Committee considers the draft internal audit plan and the annual accounts and at least annually, to discuss the process for assurance which underlies the annual accounts.

Finance, Audit & Risk Management Committee – Terms of Reference

5. Specific Terms of Reference

In fulfilling its broad responsibilities, the FARMC will carry out the following functions:

5.1 External Audit

- 5.1.1 Make recommendations to the Board as to the appointment, re-appointment or replacement of the external auditor and rotation of the auditor's engagement partner.
- 5.1.2 Review with the external auditor the scope and timing of the annual audit, and the proposed audit fee and make recommendations to the Board.
- 5.1.3 Review the annual financial statements of ESA, meet with the external auditor, and recommend the approval or otherwise to the Board.
- 5.1.4 Review all external audit reports together with the appropriateness of ESA's management responses to any issues raised in the auditor's management letters. Monitor the implementation of findings.
- 5.1.5 Monitor the quality and effectiveness of the audits conducted by the auditors.
- 5.1.6 Require the external auditor to disclose any relationship that may impact on its objectivity or independence, and recommend any appropriate action to confirm the auditor's independence.

5.2 Internal audit and risk management.

- 5.2.1 Advise the Board on the effectiveness of the internal audit function and that it meets all mandatory requirements and provides appropriate independent assurance to the Executive Officer and the Board.
- 5.2.2 Review and recommend approval of the Internal Audit procedural processes, the annual Audit and Risk Assessment Plan and any detailed program of reviews to ensure that they are consistent with the operational and business needs of ESA.
- 5.2.3 Consider the major findings of internal audit reports and ESA management responses.
- 5.2.4 Receive regular reports of progress with implementation of agreed internal audit recommendations and any other actions associated with internal control, and satisfy itself that effective and timely management action has been taken.
- 5.2.5 Review the performance of the internal audit process annually and make recommendations to the Board,
- 5.2.6 Provide assurance that risk is properly recognised and controlled and treated through the Risk Management Framework and annual plan.
- 5.2.7 Advise the Board on emerging or untreated enterprise risk and propose treatments, including clarifying accountabilities where risk is shared.
- 5.2.8 Establish protocols for escalation of risk from management to the Board.
- 5.2.9 Review insurance coverage and provide assurance on the appropriateness of coverage in place.
- 5.2.10 Monitor and review ESA's financial governance including financial reporting frameworks, financial controls and counter fraud policy and measures.
- 5.2.11 Review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- 5.2.12 Monitor any instance discovered, or affecting ESA, of fraud or financial misdemeanour and obtain assurance that satisfactory management action has been taken.

Finance, Audit & Risk Management Committee – Terms of Reference

- 5.2.13 Monitor the effectiveness of ESA's policies and practices in complying with laws, regulations, and accounting standards.
- 5.2.14 Review and monitor related party transactions.
- 5.2.15 Advise on the scope and conduct of special reviews or audits
- 5.2.16 Review and advise on ESA's process for assessing and improving the effectiveness of its audit and risk assessment functions.

5.3 Information security and governance

- 5.3.1 Provide assurance that policies and procedures for information governance and information security are maintained.

5.4 Investment management

- 5.4.1 Advise the Board as required on investment management, including investment policies and procedures, investment objectives and expected rates of return.
- 5.4.2 Review investment performance.

5.5 Financial management

- 5.5.1 Review direction and advise on financial policy parameters for the financial sustainability of ESA disciplines, including key performance indicators and financial parameters.
- 5.5.2 Review draft operating and capital budgets and cash flow forecasts to ensure they align with the Association's corporate plan and financial strategy.
- 5.5.3 Provide oversight of the financial performance of ESA entities, including ensuring the annual budget objectives align with funding grants and that the process is transparent. Monitor the accounts to ensure alignment with financial parameters.
- 5.5.4 Provide advice to the Board on risks to the financial performance and sustainability of the Association (including any regulatory requirements, such as those that may be applied to funding grants) and recommend risk treatments.
- 5.5.5 Review and recommend to the ESA all significant changes to ESA's accounting policies;
- 5.5.6 Review business cases that require ESA to enter into contracts that are above the Executive Officer's delegations and recommend action to the Board.

Finance, Audit & Risk Management Committee – Terms of Reference

6. Reporting to the ESA Board

- 6.1 The draft minutes of the FARMC should be considered at the subsequent Board meeting after they have been reviewed by the FARMC Chair. In addition, the FARMC should report at least annually on its overall program of work.
- 6.2 The FARMC must and any member of the FARMC may report to the Board any significant matters of concern which may impact on the operations of ESA or its committees.
- 6.3 Review and provide advice on key financial performance indicators.
- 6.4 Provide the Board with an annual and quarterly report on the activities and operations of the FARMC and the achievements against its charter and the annual Audit and Risk Assessment Plan.
- 6.5 The Executive Officer will meet informally with the Chair of the FARMC in advance of each meeting.
- 6.6 The annual report provided to the Board will be of style and content suitable for communication to the Association members at an Annual General Meeting.

7. Review

- 7.1 The Chair of the FARMC will initiate a review of the performance of the Committee at least annually.
- 7.2 The FARMC will review this charter at two-yearly intervals to ensure it remains relevant and effective and will advise the Board on any recommended changes.