

# **Terms of Reference**

## **Audit & Finance Committee**

### **1. Introduction**

The Board of Water Polo WA Inc. (WPWAI) has established an Audit and Finance Committee to assist it with the management of financial risk of WPWAI. This is the Terms of Reference of the Audit and Finance Committee.

### **2. Purpose**

The Audit and Finance Committee (“the Committee”) is responsible for assisting the Board (“Board”) in discharging its responsibilities to safeguard the integrity of WPWAI’s financial reporting and the system of internal control.

The Committee’s role is to provide appropriate advice and recommendations to the Board to assist the Board to fulfil its corporate governance responsibilities in regard to financial reporting, the internal control environment, and audit management across WPWAI.

The Committee will ensure that the fiancés of WPWAI are espoused in accordance with the WPWIA Finance Policy and this updates to this policy will be forwarded to the WPWAI Board for ratification as required.

### **3. Authority**

The Committee is empowered by the Board to perform the activities and pass resolutions relating to all its responsibilities set out in Section 6 of this Terms of Reference. In addition, the Committee is authorised to:

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 or employee of WPWAI all of whom must co-operate with any requested 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 the Committee.

### **4. Membership**

The Board will appoint the members of the Committee and the Chair of the Committee (who must not be the President of the Board). The committee will be comprised of at least two members of the Board and the CEO. The President must not be a member of the Audit and Finance Committee. All members of the Committee must be financially literate (that is, able to read and understand financial statements). At least one member of the Committee must be a qualified accountant or other finance professional with significant relevant finance and/or accounting expertise. At least one member of the Committee must have significant relevant understanding of the business of WPWAI and the Finance Industry.

Members will be appointed for a two-year term and can be re-appointed. The Chair may invite other members of management 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.

## **5. Meetings**

### **5.1 Quorum & Voting**

A quorum of any Committee meeting will be two members and the CEO. A duly convened meeting of the Committee at which a 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 remaining members of the Committee will elect one of their number as Chair of the meeting. Each member will have one vote and the Chair of the Committee will not have the casting vote. Meetings may be held, and resolutions passed by means of a conference call or similar communications equipment, or any other technology or process by means of which Board meetings may be held and resolutions passes under the provisions of the WPWAI constitution and the Associations Incorporations Act 1987.

### **5.2. Frequency**

The Committee will meet a minimum of 4 (four) 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 to 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 Chairman is required to call a meeting of the Committee upon request by either a Committee member, the CEO, the President of the Board or the external auditors. The agenda (approved by the Chair) and supporting documentation should be delivered to the Audit and Finance Committee members, where possible by the last day of the week preceding the meeting.

### **5.5. Reporting**

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

- 5.5.1. Reviewing Bi Monthly internally prepared financial statements of WPWAI;
- 5.5.2. Assessing whether WPWAI internal and external reporting is consistent with the Committee members' information and knowledge 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. Making other 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 the 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 judgmental areas, and recent professional and regulatory pronouncements and understand their impact on the financial statements.

6.1.2. Review with executive management 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 Committee members, and reflect appropriate accounting principles.

6.1.4. Review the other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.

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

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

6.1.7. Review interim financial reports with management 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 WPWAI internal control system, including information technology security and control.

6.2.2. Understand the scope of external auditors' review of internal control system, including information technology security and control.

### **6.3 Financial Risk Management and Compliance**

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 Review with relevant staff/consultants any significant recommendations made by them on the subject of internal control, and management's response to the recommendation.

6.3.3 Monitor progress made by management in improving internal controls arising from recommendations made by the relevant staff/consultants.

6.3.4 Meet with the CEO, , to hear the views of the auditor on financial management and internal controls.

### **6.4 External Audit**

6.4.1 Interface with the external auditors.

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 Review with the external auditor any significant recommendation made by them on the subject of internal control, and management's response to the recommendation.

6.4.6 Monitor progress made by management in improving internal controls arising from recommendations made by the external auditors.

6.4.7 Make recommendations to the Board on the appointment or, if necessary, the removal of the external auditors, subject to the Associations Incorporation Act Requirements.

6.4.8 Review and approve external audit fees, including the monitoring and approval of all non-audit services in accordance with the Committee's policies.

6.4.9 Assess the independence of the external auditors (including the monitoring of the employment of former employees of the external auditor) and advise the Board on any statements required to be included in WPWAI Annual Report as to:

6.4.9.1 whether the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Associations Incorporation Act; and

6.4.9.2 The reason for being satisfied (or not satisfied, as the case may be) that the provision of those non-audit services did not compromise the auditor independence requirements of the Associations Incorporation Act.

6.4.10 Meet with the external auditors, in the absence of management, to hear the views of the auditors on financial management and internal controls.

## 6.5 Compliance

6.5.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

6.5.2 Review the findings of any examinations by regulatory agencies, and any auditor observations.

6.5.3 Review the process for communication of the Code of Conduct to WPWAI personnel, and for monitoring compliance therewith.

6.5.4 Obtain regular updates from management regarding compliance matters.

6.5.5 Review compliance with taxation requirements and tax risk management.

## 6.6 General

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

6.6.2 Receive and review the declarations made by the CEO in relation to financial reports (including as required by the relevant section of the Associations Incorporations Act).

6.6.3 Assist the CEO to facilitate the identification and management of all significant areas of financial risk to the satisfaction for both the Audit and Finance Committee and WPWAI Board in an integrated way.

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

6.6.5 To formulate and monitor the effectiveness of financial, accounting and other policies relevant to the Committee's responsibilities.

## **7 Reviews**

### **7.1 Review of Performance**

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 changes with the Board and ensure that the Terms of Reference is approved by a resolution of the Board.

Should there be a reference to the bookkeeper that WPWAI engages in these terms of reference?