



therapyfocus

growing potential

AUDIT & INVESTMENT COMMITTEE

CHARTER

AND

TERMS OF REFERENCE

DIVISION:	Board of Directors
AREA/TEAM:	Audit, Investment & Risk Committee
LAST REVIEWED:	January 2016
DUE TO BE REVIEWED:	January 2018

1. Charter

1.1.1. The role of the Audit & Investment Committee is to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- The reliability and integrity of financial information for inclusion in Therapy Focus' Annual Report,
- Compliance with legislative, regulatory, contractual, policy, industry standards, and good governance principles,
- The integrity of Therapy Focus' internal control framework, and
- Safeguarding the independence of the external auditors.

1.1.2. This committee is formally appointed by the Board and is responsible to the Board. It has no authority to implement actions in areas where management has responsibility, or to make decisions on behalf of the Board.

1.1.3. The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within Therapy Focus or the reporting lines and responsibilities of external audit functions.

1.1.4. The Committee will provide prompt and constructive reports on its findings directly to the Board, particularly when issues are identified that could present a material risk or threat to Therapy Focus.

2. Terms of Reference

2.1. Authority and independence

2.1.1. The Committee makes recommendations to the Board and has no delegated authority from the Board.

2.1.2. In discharging its responsibilities the Committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility,
- Access information, records, and Therapy Focus personnel for such purpose,
- Request the attendance of any employee, including executive staff, at committee meetings,
- Conduct meetings with Therapy Focus' external auditors, as necessary, and
- Seek advice from external parties, as necessary.

2.2. Membership

- 2.2.1. This committee is formally appointed by the Board and is responsible to the Board. It has no authority to implement actions in areas where management has responsibility, or to make decisions on behalf of the Board.
- 2.2.2. Members of the Committee will be appointed by the Board and will consist of at least two Directors, one of which is the Treasurer, as well as the CEO and Executive Manager Corporate Services.
- 2.2.3. The Treasurer will be the Chair of this Committee.
- 2.2.4. The term of appointment is subject to review by the Board.
- 2.2.5. Members are appointed on the basis of personal qualities and skills, and proxies are not permitted if the member is unable to attend meetings.
- 2.2.6. Members may resign by providing sufficient notice to the Chairperson of the Board. The member will provide reasons for leaving and the date of resignation will be minuted by the Secretary.
- 2.2.7. Members can be dismissed from the Committee by the Board. Dismissal will be performed verbally as well as in writing and will be effective immediately. The date of dismissal will be minuted by the Secretary.
- 2.2.8. The Committee will endeavour to replace members on a staggered basis.

2.3. Duties and responsibilities

- 2.3.1. The Committee is directly responsible and accountable to the Therapy Focus Board for the exercise of its duties and responsibilities.
- 2.3.2. In carrying out its duties and responsibilities, the Committee must at all times recognise primary responsibility for the operational management of Therapy Focus has been delegated by the Board to the Chief Executive Officer (CEO).
- 2.3.3. The Committee's duties and responsibilities are:

2.4. Financial statements

- 2.4.1. Review the appropriateness of accounting policies.
- 2.4.2. Review the appropriateness of significant assumptions made by management in preparing the financial statements.

- 2.4.3. Review the financial statements for compliance with prescribed accounting and other requirements.
 - 2.4.4. Review, with management and the external auditors, the results of the external audit and any significant issues identified.
 - 2.4.5. Assist in assessment and development of the annual budget for submission to Board.
 - 2.4.6. Ensure there is a proper explanation for any unusual transactions, or trends or variations from budget.
 - 2.4.7. Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.
- 2.5. Investments**
- 2.5.1. To make recommendations on investment options that will optimise returns from cash reserves.
- 2.6. Internal control**
- 2.6.1. Review, through the external and internal audit functions, the adequacy of the internal control structure and systems, including information technology security and control.
 - 2.6.2. Review, through the external and internal audit functions, whether relevant policies and procedures are in place and up-to-date, including those for the management and exercise of delegations, and whether they are complied with.
- 2.7. Performance management**
- 2.7.1. Review Therapy Focus' compliance with the performance reporting requirements of the Financial Accountability Act 2009, the Financial and Performance Management Standards 2009 and the Financial Reporting Requirements for the Disability Services Commission.
- 2.8. External audit**
- 2.8.1. Consult with external audit on the function's proposed audit strategy, audit plan, and fees for the year.
 - 2.8.2. Review the findings and recommendations of external audit and the response to them by management.

2.9. Compliance & Risk

2.9.1. Determine whether management has considered legal and compliance risks insofar as they relate to the financial affairs of the company.

2.10. Meetings

2.10.1. The Committee will meet at least three times a year. The schedule of meetings will be agreed in advance.

2.10.2. Committee members may attend meetings in person or by electronic means.

2.10.3. A quorum will be at least three members.

2.10.4. Should the Chairman be absent from a meeting, the members present will choose one of their number to be Chairman for that particular meeting.

2.10.5. In addition to the regular scheduled meetings, the Chairman of the Committee will call a meeting of the Committee if so requested by any member of the Committee or by the Chairman of the Board.

2.11. Meeting agenda

2.11.1. The Committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most important matters. The agenda and relevant papers will be distributed to members at least five business days before the meeting.

2.12. Secretary of the Meeting

2.12.1. The Secretary of the meeting will be either the CEO or as appointed by the Chairperson of the Board to facilitate the Committee's meetings and reporting duties.

2.12.2. The Secretary, in consultation with the Chair, will prepare and send notices of meetings and agendas, and accurately transcribe all decisions of the Committee.

2.12.3. The Secretary will table all correspondence, reports, and other information relevant to the Committee's activities and operations.

2.13. Ethical practices

2.13.1. Members are required to declare any interests that could constitute a real, potential, or apparent conflict of interest with respect to participation on the

Committee. The declaration must be made on appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting, and be updated as necessary.

2.14. Relationships

2.14.1. External Audit

The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken. The Committee will act as a forum for the consideration of external audit findings, and will ensure that they are balanced with the views of management.

The external audit function is outsourced by the organisation. The external audit provider will have a standing invitation to attend committee meetings.

2.14.2. Board

Board members will have a standing invitation to attend Committee meetings.

2.15. Review

2.15.1. This charter is to be reviewed every two years by the committee to ensure it remains consistent with the committees' authority, objectives and responsibilities.

2.15.2. All amendments to the charter will be discussed and approved by the Board.

2.15.3. A copy of the Audit & Investment Committee Charter is available on Therapy Focus' website www.therapyfocus.org.au.