



The Order of Australia Association AUDIT & RISK COMMITTEE CHARTER

Updated and Approved May 6, 2020 Board Meeting

Purpose and Objectives

The Order of Australia Association (“OAA”) Audit and Risk Committee (“A&R Committee”) will assist the OAA in fulfilling its fiduciary responsibilities.

The Committee will undertake the supervision of:

- The scope of work, performance and independence of the external auditor
- The scope of work, performance and independence of other reviews/audits
- The operation and implementation of the risk management framework
- Matters of internal control affecting the operations of the OAA National
- The OAA National process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.

In performing its duties, the A&R Committee will maintain effective working relationships with the Board, Staff, and the external auditor. To perform his or her role effectively, each A&R Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as The OAA National’s business, operations and risks.

Authority

The Board authorises the Committee, within the scope of its responsibilities, to:

- Perform activities within its charter
- Seek any information it requires from:
 - any employee (and all employees are directed to co-operate with any reasonable request made by the Committee)
 - external auditor
 - external parties
 - Other OAA Directors
- Obtain outside legal or other professional advice to assist in undertaking its fiduciary responsibilities in consultation with OAA National Chair

Organisation

Membership

- The A&R Committee will comprise at least four (4) persons who are OAA National Board members, with the right to co-opt at least two (2) independent people who are OAA Members with the required skills base making a total of six (6) members.
- Each member should be capable of making a valuable contribution to the A&R Committee.
- The Chair of the A&R Committee will be an OAA National Board member and will be nominated by the Board. , where practicable, will be one of the independent members of the Committee and will be nominated by the Board from time to time. The Chair is not to be the Chair of the Board or Chair of the Finance and Investment Committee.
- Members (external) will be appointed for a two (2) year term and OAA Board members for a one (1) year term of office. **[If possible, membership renewal dates should be staggered so significant knowledge is not lost to the Committee]**

- A quorum for any meeting will be four (4) members based on six (6) members. One of the three (3) shall be the A&R Committee Chairman, or a nominee of the A&R Committee Chairman, who must be an OAA National Board member.
- The agenda/minute secretary of the A&R Committee will be appointed by the A&R Committee Chairman.
- Each new member is required to complete the A&R Committee induction requirements.
- The Board may, upon advice from the A&R Committee Chairman, terminate the appointment of any member of the A&R Committee at any time.
- Decisions shall be reached by consensus or, if required, majority vote with each member being entitled to one vote and the A&R Committee Chairman does not have a casting vote.
- Any matter not resolved by the A&R Committee must be referred to The OAA National Board for deliberation and a final decision.
- Membership of the A&R Committee, meeting attendance and activities of the A&R Committee are disclosed in the Annual Report .Report to be endorsed by all members of the A&R Committee.

Attendance at Meetings

- The A&R Committee may invite such other persons (e.g. The OAA National Board Chair, National Board Treasurer or Accounts Officer, National Membership Director) to its meetings, as it deems necessary.
- The external auditor should be invited to make presentations to the Committee as appropriate.
- Meetings shall be held not less than at least three (3) times a year. Special meetings may be convened as required. External auditor may convene a meeting if considered necessary.
- Meetings may be held using any technology determined by the Committee Chairman.

Agendas

- Items for the Agenda from A&R Committee members shall be submitted to the agenda/minute secretary ten (10) days prior to the meeting date.
- The agenda and supporting documentation should be distributed on-line or via email to the A&R Committee members at least seven (7) days prior to each meeting.
- Meeting Agendas are structured throughout the year to ensure each significant responsibility of the A&R Committee is addressed.

Minutes

- Proceedings, findings and recommendation, including action sheet of all A&R Committee meetings are minuted.
- Draft Minutes shall be sent to the A&R Committee Chairman no later than four (4) days following the meeting for approval or necessary changes.
- After Draft Minutes are approved by the A&R Committee Chairman they are to be emailed to remainder of the Committee within three (3) days unless otherwise agreed by the A&R Committee Chairman.

- Minutes are approved by the A&R Committee by email resolution and forwarded to The OAA National Secretary for ratification at the next OAA Board meeting and signed by the presiding A&R committee Chairman at its subsequent meeting.

Conflict of Interest

- Where an actual, potential or perceived conflict of interest arises from a member(s) discharging Committee duties, declaration of the conflict must be made immediately to the Chair and reviewed at each A&R Committee meeting and also be minuted.
- The Chairman, in consultation with the remainder of the A&R Committee members, shall determine the appropriate course of action to resolve or minimise the impact of the conflict.
- In the event that a conflict of interest may compromise the Chairman's ability to be impartial in the discharge of his or her duties, a declaration of such a conflict must be made to the Chairman of The OAA National Board at the time it arises and an appropriate management approach agreed. The A&R Committee is to be advised of that declaration and the agreed management approach at the beginning of each A&R Committee meeting for noting and minuting.

Roles and Responsibilities

The Committee will monitor and supervise the following:

The scope of work, performance and independence of the external auditor

- Review the external auditors' proposed audit scope and audit approach, including materiality, for the current year in the light of the Board's circumstances and changes in regulatory and other requirements.
- Regularly review with the external auditor any audit problems or difficulties the auditor encountered in the normal course of audit work including any restriction on audit scope or access to information.
- Ensure significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- Ensure management responds promptly to recommendations made by the external auditors.
- Discuss with the external auditor the quality of accounting policies applied in the company's financial reporting.
- Meet separately with the external auditor to discuss any matters that the committee or auditors believe should be discussed privately.
- Review all representation letters signed by management and ensure that the information provided is complete and appropriate.
- Review, with appropriate staff, the effectiveness and integrity of financial reporting, including the Annual Financial Statements.

The scope of work, performance and independence of other reviews/audits

- Review reports from other reviews/audits, consider and respond to matters raised within the relevant reports and ensure implementation of changes, where required.
- Review the effectiveness of management information systems (IT) and other systems of internal control.

The operation and implementation of the risk management framework

- Review the Board's policy for the supervision and management of business risks.
- Oversee overall risk management strategy/framework and ensure the required actions are appropriately resourced.
- Oversee the establishment and implementation of the Board's risk management system.
- Ensure that the Board has identified and reviews and regularly updates the profile of the principal strategic, operational and financial risks to which it is exposed and assessed the appropriateness of the steps management has taken to manage these risks.
- Review trends on the Board's risk profile, reports on specific risks and the status of the risk management process.
- Monitor performance of management in implementing risk management responses and internal control rectification activities and ensure that there are appropriate systems for identifying and monitoring risks in place and that these are operating as intended.

Matters of internal control affecting the operations of the Association.

- Ensure any internal control recommendations made by the external auditor, and approved by the Committee, have been implemented by management i.e. track all agreed action points from audit.
- Evaluate the process the Board has in place for assessing the effectiveness and efficiency of, and continuously improving internal controls, particularly those related to areas of significant risk e.g. fraud, code of ethics, etc.
- Assess whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk.
- The Board's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.
- 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 fraudulent acts or non-compliance.
- Obtain regular updates from Management and the Board's legal counsel regarding compliance matters that may have a material impact on the Board's reputation or financial statements.
- Make appropriate enquiries to satisfy that all regulatory compliance matters, related to the business of the Board, have been considered in the preparation of the financial statements.
- Review the findings and recommendations of any examinations by regulatory agencies.

Performance

In a manner the A&R Committee deems appropriate, conduct an annual performance self-evaluation regarding its functions, as set out in the Charter.

Confidentiality

Members will be subject to the confidentiality requirements of The OAA National Board

Wind up of entity

Ensure statutory wind up regulations are complied with.