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Finance and Audit Subcommittee

Charter

REACH Limited

Finance and Audit Subcommittee Charter

1. **Introduction**

This charter sets out the scope of the finance and audit subcommittee in relation to the organisation.

The role of the finance and audit subcommittee is not an executive role.

1. **Objective**

The finance and audit subcommittee is tasked by the Board of Directors to assist the Board in discharging its oversight responsibilities. The subcommittee will provide oversight and advice on the financial activities of the organisation and the financial reporting process to ensure the balance, transparency and integrity of published financial information. The subcommittee will also monitor and review the following.

* The effectiveness of the organisation’s internal controls.
* The effectiveness of the organisation’s risk management activities.
* The conduct of the independent audit process, including recommending the appointment and assessing the performance of the external auditor and company accountant.

In performing its duties, the subcommittee will maintain effective working relationships with the Board of Directors, management, external auditors and the company accountant. To perform their role effectively, each committee member will develop and maintain their skills and knowledge, including an understanding of the subcommittee’s responsibilities and of the organisation’s business operations and risks.

1. **Responsibilities**

The finance and audit subcommittee is authorised by the Board of Directors, within the scope of its responsibilities and approved budgets, to:

* Engage independent counsel and other advisors as it deems necessary to carry out its duties.
* Monitor the attendance of company officers at meetings as appropriate.
* Have unrestricted access to members of management, employees and relevant information.
* Be directly involved with the appointment, compensation, retention and oversight of the work of the external auditor and company accountant.
* Present audit engagement fees and terms to the Board for approval.

**The Finance and Audit Subcommittee**

The finance and audit subcommittee must comprise of;

* A mixture of independent directors and management, and will be chaired by one of the independent directors, typically the Treasurer.
* The finance and audit subcommittee may invite non-director members to augment its range of backgrounds and experience. The subcommittee may also appoint relevant specialists as advisors, such as the external auditor or company accountant.
* A quorum of any meeting will be two (2) members with at least one (1) member being an independent director.
* Each member must be financially literate.
* Members will be appointed without a fixed term of office.

**Minutes of the Financial and Audit Subcommittee**

* The finance and audit subcommittee must keep minutes of its meetings;
* Minutes of each meeting must be tabled at the next directors meeting;
* Minutes must be distributed to all subcommittee members after the chairperson has approved them;
* Minutes, agenda and supporting documents are available to directors upon request to the committee, except if there is a conflict of interest.
* The finance and audit subcommittee will meet at least twice per year or as necessary.
* One or more members of the subcommittee will meet with the external auditor when required.
* One or more members of the subcommittee will work with the company accountant during the annual audit process.

**Risk Management and Internal Controls**

The finance and audit subcommittee will:

* Work with management to set the annual budget.
* Present the annual budget to the Board for approval.
* Oversee management’s identification, assessment and management of material risks including but not limited to financial, investment, fraud, operational and reputation risks.
* Monitor adherence to the organisation’s policies and procedures.
* Monitor the organisation’s internal controls.
* Review any material incidents or breaches and corrective actions, and escalate for Board review.
* Be available to process debtor and payroll payments on the Friday of each week or the most appropriate day if the Friday is a public holiday.

**Review and changes to this charter**

The finance and audit subcommittee will review this charter annually or as often as it considers necessary. The Board may change this charter from time to time depending on the needs of the organisation.

 **Approved and adopted**

This charter was approved and adopted by the REACH Limited Board of Directors on

Date: June 2014

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Regional Manager