

**Audit Committee Terms of Reference (long form) Template**

**April 2018**

|  |  |  |  |
| --- | --- | --- | --- |
| Procedures number | <<insert number>> | Version | <<insert number>> |
| Drafted by | <<insert name>> | Approved by CEO on | <<insert date>> |
| Responsible person | <<insert name>> | Scheduled review date | <<insert date>> |

PURPOSE OF THIS TEMPLATE

This document has been prepared by the NSW Office of Sport as a guide for New South Wales State Sporting Organisations (**SSOs**) to assist with an SSO’s governance. IT IS A TEMPLATE ONLY. This document should be read in context with the NSW Office of Sport’s Sports Governance Capability Framework and in particular paragraph 1.9.

INSTRUCTIONS

The document has been designed specifically for sport and seeks to take into account the issues which an SSO might need to consider; for example, Sport must deal with the impact of drugs; Sport is affected by child protection legislation; and Sport operates under a national system where the national body can make rulings and set policy that will flow through the Sport and affect those playing at Club level.

All levels of an SSO and all persons within a Sport should work together for the advancement of the Sport and the SSO through sharing common purposes, structures, policies and procedures. This will hopefully improve the governance and delivery of a Sport and hopefully make it easier to address issues of joint concern, to share information and to maximise the sport’s marketability.

Finally, with the increasing amount of legislation affecting sport, Sports must enact consistent and complementary policies and strategies that address areas of governance and common risk that flow through the organisation.

**DISCLAIMER: THE INFORMATION PROVIDED IN THIS TEMPLATE IS FOR YOUR INFORMATION ONLY. THE AUTHOR AND THE NSW OFFICE OF SPORT ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION OR YOUR RELIANCE UPON IT.**

Audit Committee

# Terms of Reference

To assist the Board in carrying out its duties as they relate to the Club/Association’s accounting policies and financial reporting practices, the assurance process, the system of internal control and risk management, and the process for monitoring compliance with laws, regulations and corporate policies.

# Membership

### The membership of the Committee shall comprise such persons as are appointed by the Board. The majority of the Committee should comprise independent persons including independent or appointed Directors.

### The chair of the Club/Association shall be an ex officio member of the Committee.

### The chair of the Committee must be an independent person and should not be the chair of the Club/Association.

### Any director who is not a Committee member may also attend Committee meetings and will receive all Committee papers upon request.

### The terms of appointment are at the sole discretion of the Board, but it is desirable to arrange these to maintain continuity while bringing a fresh perspective to the work of the Committee.

### As a minimum, the Committee will have at least one member with accounting and related financial expertise. Other Committee members should have appropriate financial literacy to ensure their ongoing effectiveness as Committee members.

### A quorum for meetings of the Committee shall be 50% +1 of Committee members. In the absence of the Committee chair, or appointed delegate, the remaining Committee members shall elect one of their members to chair the meeting.

### The Committee Secretary will be the Audit Manager or other suitable person appointed by the Committee.

### The Executive Officer, Finance Manager and Secretary have a standing invitation to attend Committee meetings.

# Duties and Responsibilities

## Accounting Policies and Financial Reporting

### To review the adequacy of the Club/Association’s corporate reporting processes;

### To consider the appropriateness of the accounting policies, judgements or choices exercised by management in preparing the Club/Association’s financial statements;

### To require management to advise on:

#### whether the methods chosen by management are consistent with the applicable financial reporting framework;

#### any changes in significant accounting policies or their application during the reporting period; and

#### the methods used to account for significant unusual transactions;

### To review any matters that may significantly affect the financial condition or affairs of the Club/Association.

### To assess information from external auditors that affects the quality of financial reports, including but not limited to, actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations and internal control issues.

### To review all representation letters signed by management to assess whether the information appears complete and appropriate.

### To make representations on behalf of the Board to external auditors regarding the financial report.

### To recommend to the Board whether the financial report should be approved based on the Committee’s assessment.

## Systems of Internal Control and Risk Management

### To evaluate and monitor the adequacy of the Club/Association’s processes of internal control and risk management.

### To oversee the development and maintenance of effective systems of accounting and internal control, including information systems and security.

### To review the reports from internal audit and other assurance providers regarding the effectiveness of systems of internal control and risk management and the actions proposed by management in response.

### To monitor the status of management actions to address deficiencies and improve systems of internal control and risk management practices.

### To review the post implementation reports from significant projects and the learnings identified.

### To evaluate and monitor the Club/Association’s exposure to fraud.

## Monitoring Compliance with Laws, Regulations and Corporate Policies

### To evaluate and monitor the adequacy of the Corporation’s processes for compliance with laws, regulations and corporate policies.

### To review reports from internal audit and other assurance providers regarding compliance with laws, regulations, corporate policies and the actions proposed by management in response.

### To review reports from investigations into significant compliance incidents and failures of internal control.

### To evaluate and monitor compliance with the Corporation’s Code of Ethical Behaviour and oversee procedures for receiving, retaining and treating complaints dealing with compliance with laws, regulations and ethical behaviour.

## External Audit

### To approve the appointment of the external auditor, including the audit fee and any non-audit services.

### To review and monitor the scope and adequacy of the external audit plan, including proposed audit strategies particularly in identified risk areas, audit results and implications of control environment findings.

### To oversee the work of the external auditor and resolve any disagreements between management and the auditor regarding financial reporting.

## Internal Audit

### To approve the appointment, compensation, removal, or replacement of the Audit Manager and co-sourced internal audit service providers, including monitoring provision of other services.

### To approve the operational model to deliver the internal audit function within the Corporation.

### To review annually internal audit’s mission, charter, resources and budget to ensure the effectiveness, objectivity and performance of the internal audit function.

### To review and approve the strategic internal audit plan and annual work program.

### To oversee the operations of the internal audit activity and monitor the quality of internal audit services delivered.

# RESOURCES

### The Committee is empowered to conduct or authorise investigations into any matters within its scope of responsibility, including retention of independent external advisors as it considers necessary to advise the Committee.

### The Committee may require the Audit Manager, Finance Officer or the Club/Association to undertake tasks to assist the Committee to carry out its functions.

### The Committee may at its discretion require the attendance of management representatives as necessary at meetings and has unrestricted access to employees and relevant company information.

# GENERAL

### The chair of the Committee will report formally to the Board following each meeting to provide a summary of the Committee’s work and results. The Committee Secretary shall retain minutes of proceedings and resolutions of Committee meetings and ensure they are included in subsequent Board meeting papers.

### The Committee will meet at least four times per annum, with such additional meetings as necessary to fulfil the Committee’s responsibilities.

### The Committee may meet, with or without management present, at any time with external and internal auditors, the Audit Manager, General Counsel, Club/Association Secretary and other external advisors.

### The Audit Manager, any internal audit service provider, Secretary, General Counsel, Finance Officer and the Executive Officer have direct access to the Committee chair to report matters of immediate concern within their respective area of responsibility.

### The Committee will ensure that the Terms of Reference is reviewed on an annual basis for its currency and relevance and recommend changes to the Board.

### The Committee will ensure that its performance is assessed on an annual basis and report the results to the Board. This may take the form of a self-assessment process.