



## TERMS OF REFERENCE: 5MBS FINANCE, RISK & AUDIT COMMITTEE

<b>Version:</b> 1.0	<b>Approved by:</b> 5MBS Board: 24 July 2019
<b>Effective Date:</b> 24 July 2019	<b>Administered by:</b> Chair of the Finance, Risk & Audit Committee
<b>Review Date:</b> 24 July 2021	

### 1. Role and Responsibilities

The Finance, Risk & Audit committee is not a policy-making body but assists the board by implementing board policy. The role of the committee includes assisting the board in the organisation's governance and exercising of due care, diligence and skill in relation to:

- Financial reporting
- Financial management
- Internal controls, risk management and compliance
- Insurance
- External audit
- Reporting responsibilities
- Other matters as appropriate

These duties of the Finance, Risk & Audit Committee are addressed more fully under Section 9 of these Terms of Reference.

### 2. Membership

- 2.1 Members of the committee shall be appointed by the board. The committee shall be made up of at least [3] members to a maximum of [5] members.
- 2.2 All members of the committee shall be current non-executive directors of the 5MBS Board that have relevant experience and expertise. One member of the committee may be an independent person with relevant experience and expertise. The Chair of the board will not be a member of the committee.
- 2.3 Other individuals such as the Chair of the board, other directors and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate and at the discretion of the committee Chair.
- 2.4 The external auditors may be invited to attend meetings of the committee.
- 2.5 Appointments to the Committee should consider the skills and experience required by the Committee including ensuring an appropriate level of turnover in Committee members occurs with Committee members serving no longer than 4 years on the Committee. Vacancies are to be filled as soon as practicable after the vacancy occurs to ensure there are at least 3 Committee members.

2.6 The board shall appoint the committee Chair who shall be a current non-executive director of the 5MBS Board. In the absence of the committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The current Treasurer cannot hold the position of committee Chair.

2.7 The Station Manager may be invited to attend the Committee meetings as an observer.

### **3. Secretary**

3.1 The Public Officer or their nominee shall act as the secretary of the committee, if required.

### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be 50% or more of the Committee members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **5. Frequency of Meetings**

5.1 The committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

### **6. Notice of Meetings**

6.1 Meetings of the committee shall be called by the secretary or Chair of the committee at the request of any of its members or at the request of external auditors if they consider it necessary.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than [5] working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

### **7. Minutes of Meetings**

7.1 A committee member shall be nominated to minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.

7.2 The secretary or Chair of the committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and have them minuted them accordingly.

7.3 Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

7.4 Committee minutes, once agreed, will be signed by the committee Chair and will be held on file in the 5MBS Board Meeting Minutes File which is located at 5MBS Head Office, 4A River Street, Hindmarsh, SA.

### **8. Annual General Meeting**

8.1 The Chair of the committee shall attend the Annual General Meeting prepared to respond to any Members' questions on the committee's activities.

### **9. Duties**

#### **9.1 Financial reporting**

9.1.1 The committee shall monitor the integrity of the financial statements of the organisation, including its annual reports, review significant financial reporting issues and judgements which they contain.

9.1.2 The committee shall review and challenge where necessary

- 9.1.2.1 the consistency of, any changes to, accounting policies both on a year on year basis and across the organisation;
- 9.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
- 9.1.2.3 whether the organisation has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 9.1.2.4 the clarity of disclosure in the organisation's financial reports and the context in which statements are made; and
- 9.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to audit and risk management).

9.1.3 The committee shall ensure the organisation's financial reports are appropriate, compliant and meet the needs of users and stakeholders.

## 9.2 Financial management

- 9.2.1 The committee shall monitor the integrity of the annual budget and financial forecasts of the organisation, including its assumptions, review significant budget variations and explanations they contain;
- 9.2.2 The committee shall monitor the management of financial resources of the organisation, in addition to the review of related policies and procedures; and
- 9.2.3 The committee shall advise the Board with respect to making significant financial decisions that relate to the financial sustainability needs of the organisation. This may include options for alternative revenue sources, resourcing for emerging business programs and options for shared services options.

## 9.3 Internal controls, risk management and compliance

The committee shall

- 9.3.1 Keep under review the effectiveness of the organisation's internal controls and risk management systems;
- 9.3.2 Keep under review the effectiveness of the arrangements established for compliance with regulatory requirements; and
- 9.3.3 Review and approve the statements to be included in the annual report concerning internal controls, risk management and compliance.

## 9.4 Insurance

The committee shall

- 9.4.1 Review 5MBS insurances annually prior to their renewal date;
- 9.4.2 Review 5MBS insurance requirements on a regular basis; and
- 9.4.3 Provide recommendations to the Board in regard to renewal or change of insurances and/or insurers.

## 9.5 External Audit

The committee shall

- 9.5.1 Consider and make recommendations to the board, to be put to Members for approval at the AGM, in relation to the appointment, re-appointment and removal of the organisation's external auditor. The committee shall oversee the selection process for new auditors and if an auditor resigns, the committee shall investigate the issues leading to this and decide whether any action is required;
- 9.5.2 Oversee the relationship with the external auditor including (but not limited to)
- 9.5.2.1 approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
  - 9.5.2.2 approval of the terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 9.5.2.3 assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
  - 9.5.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial, business, former employee or volunteer) between the auditor and the organisation;
  - 9.5.2.5 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the organisation compared to the overall fee income of the firm, office and partner and other related requirements;
  - 9.5.2.6 assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures; and
  - 9.5.2.7 seeking to ensure co-ordination with the activities of the internal controls functions.
- 9.5.3 The committee may meet the external auditor annually or if required, without management being present, to discuss their remit and any issues arising from the audit;
- 9.5.4 Review and approve the annual audit plan, if any, and ensure that it is consistent with the scope of the audit engagement;
- 9.5.5 Review the findings of the audit. This shall include but not be limited to, the following:
- 9.5.5.1 a discussion of any major issues which arose during the audit;
  - 9.5.5.2 any accounting and audit judgements
  - 9.5.5.3 levels of errors identified during the audit; and
  - 9.5.5.4 review the effectiveness of the audit.
- The committee may also review the findings of the audit with the external auditor if required.
- 9.5.6 Review any representation letter(s) requested by the external auditor before they are signed;
- 9.5.7 Review the management letter and management's response to the auditor's findings and recommendations; and
- 9.5.8 Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

## 9.6 Reporting Responsibilities

- 9.6.1 The committee Chair shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 9.6.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed; and

9.6.3 The committee shall compile a report to Members on its activities to be included in the organisation's annual report.

## 9.7 Other Matters

The committee shall

- 9.7.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 9.7.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 9.7.3 Give due consideration to laws and regulations;
- 9.7.4 In conjunction with the Treasurer, be responsible for co-ordination of the external auditors;
- 9.7.5 At least once a year, review its own performance, Terms of Reference and Rules of the Music Broadcasting Society of South Australia Inc., regarding matters relevant to the committee, to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.
- 9.7.6 Review the organisation's arrangements for its employees and volunteers to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 9.7.7 Review the organisation's procedures for detecting fraud & corruption; and
- 9.7.8 Undertake any other requests from the 5MBS Board according to the remit of this charter.

## 10. Voting

Any matters requiring discussion will be decided by a majority of voting members present.

## 11. Authority

The committee is authorised

- 11.1 To seek any information it requires from any employee or volunteer of the organisation in order to perform its duties;
- 11.2 To obtain, at the organisation's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 11.3 To call any employee or volunteer to be questioned at a meeting of the committee as and when required.

**Approved on behalf of the 5MBS Board**

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**Cathie Brown**

**Date 24 July 2019**

**Chair**

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**Date 24 July 2019**

**Chair Finance, Risk & Audit Committee**