



Finance Audit and Risk Management Committee (FARMC) Charter

1. Purpose of this Document

This document outlines the structural component of the Finance Audit and Risk Management Committee (FARMC) (“the Committee”) as part of the Australasian Corrosion Association (“the Association”). This is a living document and may evolve to reflect new innovations within the Committee’s configuration.

2. Purpose of the Committee

The purpose of the Committee is to provide oversight of effectiveness, assurance, advice and recommendations to the Board for:

- Financial strategy and sustainability;
- External audit process as well as internal audit and controls; and
- Risk Management and corporate assurance framework.

The Committee acts as an advisory and review committee on behalf of the Board and as such does not have delegated decision-making powers unless specifically stated by the Board.

The Board may, from time to time, authorise the Committee to undertake certain functions on behalf of, and in the name of, the Board if the power or function is of an administrative necessity and is routine in nature. Any such authorisation must be made in writing by the Board.

The remit of the Committee takes into consideration relevant activities of the Board’s other committees.

3. Objectives of the Committee

1. To provide financial analysis, advice, and oversight of the Association’s finances, ensuring the Board can be confident that the Association is operating with the financial resources it needs to provide programs and services to the Members, whilst meeting its compliance obligations.
2. To support the Board in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions, and accountability.

4. Duties and Responsibilities of the Committee

Responsibilities of the Committee include:

4.1. Financial strategy and sustainability

- a) Appropriateness and effectiveness of the financial strategy - monitor all financial matters and review major capital expenditure proposals.



- b) Current or emerging risks for the financial sustainability of the Association.
- c) Key performance indicators and financial parameters.
- d) Three-year financial plans.
- e) Fees strategies.
- f) Investment strategy:
 - i. Oversight and monitoring of the Association's financial investments;
 - ii. Approve any management recommendations regarding its investments; and
 - iii. Monitor and ensure reporting to the Board on the financial performance of investments.
- g) Develop and review relevant financial policies on an annual basis including but not limited to the financial delegation, investment and reserve policies.
- h) Budgets, including endorsement of operating and capital expenditure budget, within a strategic setting informed by costing of income streams.
- i) Risks to financial performance (including raising concerns about the robustness of financial arrangements with affiliates or licencing partners).

4.2. External Audit

- a) Review the auditor's management letter(s) including scope, timing, interim and final reports.
- b) Act as a point of contact for the external auditors through the audit process.
- c) Agree with management and the external auditor the scope, cost and timing of the annual external audit plan.
- d) Discuss problems and concerns arising from the audit, and any matters the auditor may wish to discuss (in the absence of the Executive Officer where necessary).
- e) Inform the Board in a timely manner of any unresolved concerns relating to the external audit.
- f) Review the external auditor's report and make recommendations to the Board on the adoption of the annual report (that includes the "statement by Members of the Board" as well as the financial statements and notes).
- g) Review relevant correspondence from the external auditors at the conclusion of the external audit and consider the adequacy of management responses.
- h) Monitor, review and report the findings to the Board on an annual basis on all representation letters signed by management and the performance of the external auditor and the external audit process.
- i) Consider governance of the audit process and make recommendations to the Board on an annual basis as to the recommendation of appointment of the external auditor for the next financial year for ratification at the Association's Annual General Meeting.

4.3. Internal audit & controls

- a) Ensure that the adequacy and effectiveness of internal processes and controls provide compliance with statutory requirements, codes of conduct and reasonable community expectations.
- b) The adoption of an annual and strategic internal audit plan and any significant issues that arise out of internal audit activities.
- c) Ensure that appropriate arrangements are in place for conducting independent, external assessments of the internal audit function at least once every five years



- d) Ensure the adequacy and effectiveness of financial and non-financial controls including but not limited to the Association's exposure to cybersecurity, fraud and theft. Act as a point of contact for the internal auditors/audit role to raise any areas of concern discovered through the internal audit activities.
- e) Review the auditor's recommendations on internal control evaluations and monitor the implementation of agreed actions by the Executive Officer.
- f) Inform the Board of any unresolved concerns arising from an internal audit in a timely manner.
- g) Recommend to the Board special reviews or additional audits arising out of any significant matters that have come to the attention of the Committee and, if approved, provide oversight of those reviews or audits.
- h) Review the performance of the internal audit function on an annual basis and advise the Board and the Executive Officer on its effectiveness.
- i) Review, recommend and monitor health, safety and wellbeing internal audits.

4.4. Risk Management – including a corporate assurance framework

- a) Review the adequacy and effectiveness of the Association's three lines of defence model for risk assurance to ensure they are operating as intended and in line with best practice:
 - I. Managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving the Association's objectives;
 - II. Policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line; and
 - III. The provision of an internal audit function to ensure the first two lines are operating effectively.
- b) Conduct an annual review of the risk management framework.
- c) Present to the Board the Association's Risk Register and other reporting of risk information, including steps to minimise such risks.
- d) Provide advice and report to the Board on the adequacy and effectiveness of the corporate assurance framework and risk management, including information security and governance.
- e) Review enterprise risks on an annual basis to ensure that risks are categorised appropriately and that appropriate measures have been put in place to manage those risks and recommend the enterprise risks to the Board.
- f) Identify and advise the Board on emerging or untreated enterprise risk and proposed treatments, including clear accountabilities for the management of risk.
- g) Review and apprise the Board of arrangements for business continuity and disaster recovery and periodic testing.
- h) Review and recommend Delegations of Authority to the Board on an annual basis.
- i) Review and recommend policies and processes to the Board for ensuring ethical and lawful conduct, including the policies and procedures by which staff or the public may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters including assurance that appropriate processes and systems are in place to detect, capture and effectively respond to fraud control and risks
- j) Provide assurance to the Board that satisfactory management action has been taken for any instance discovered, or affecting the Association, of fraud or financial misdemeanour.



- k) Monitor, review and ensure the adequacy and effectiveness of the Association’s policies, processes and practices that are in place in complying with laws, regulations, legal obligations, accounting standards and internal policies.
- l) Review related party transactions on an annual basis, or when requested.
- m) Undertake a timely annual review of insurance coverage that provides assurance to the Board that appropriate and adequate insurance coverage is in place.

The Board may, from time to time, authorise the Committee to undertake certain functions on behalf of, and in the name of, the Board if the power or function is of an administrative necessity and is routine in nature. Any such authorisation must be made in writing by the Board.

5. Membership of the Committee

The Board will consider the range and mix of skills necessary to enable the Committee to fulfil its function. The Board recognises the following skills as important for the success of the Committee and will look to make sure the Committee’s membership reflects these competencies:

- A sound understanding of governance and the core functions of the Association.
- Financial literacy, financial management, accounting and commercial acumen/expertise.
- Management of internal audit programs and external auditors.
- Experience and competence in advising on the treatment of enterprise risk.
- A sound understanding of information management and information technology enterprise strategy and risk.

The Committee shall have a minimum of five voting members, up to four of which shall be Directors of the Association. One of the four Directors is the Chair of the Board who is ex-officio member of the Committee. It is preferred that one of the two Independent Directors be among the remaining three Directors on the Committee. There shall be one external independent member who is a chartered accountant with audit experience. The Association’s Executive Officer will be a non-voting member of the Committee.

The Chair will be one of the Association’s Directors; where possible, the Independent Director with suitable competencies and experience.

All committee appointments are made by the Board. The Board can fill a casual vacancy in the Committee and must ensure that the Committee has a Chair at all times.

Directors of the Board may attend meetings of the Committee as observers.

The external auditor (and internal auditor if engaged) may attend Committee meetings through a standing invitation from the Chair.

The Committee may invite any staff, Members or other stakeholders to attend all or part of a meeting of the Committee to contribute their expertise for a particular topic or issue. The Committee may also invite external persons to attend meetings to contribute their expertise for a particular topic or issue.

The Committee shall consist of:

	Committee Members	Standing Member	From	Voting rights
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1	Committee Chair	Yes	Board	Yes
2	Committee member	Yes	Board	Yes
3	Committee member	Yes	Board	Yes
4	Committee member (external)	Yes	Community	Yes
5.	Committee member (Board Chair)	Yes, ex-officio	Board	Yes
5	Association Executive Officer	Yes	ACA Staff	No
6	Consulting CFO (as required)	No	ACA Staff	No
7	Secretary	No	ACA Staff	No

6. Appointment and Tenure

Members of the Committee who are Directors of the Board are appointed by the Board for a term not exceeding three years, and may be re-appointed for two additional terms.

All non-Director members of the Committee shall serve for a term of two years with an option for up to a further two years as approved by the Board. Members wishing to rejoin the Committee may reapply for an extended tenure with approval by the Board.

The Chair of Committee is responsible for conducting the affairs of Committee at and between meetings, for scheduling meetings, for developing the agenda, approving minutes of meetings and reporting to the Board with the assistance of the Association's Secretary.

7. Conflict of Interest

All members of the Committee will complete the Association's annual Conflict of Interest declaration as per the ACA policy *GOV-001 Conflict of Interest*. This must be completed on a yearly basis.

8. Code of Conduct

All Members of the Committee will complete the Association's Code of Conduct. This must be done on a yearly basis.

9. Meetings of the Committee

The Committee shall meet at least quarterly, with additional meetings called if necessary. The Committee Chair shall develop meeting agendas in conjunction with the Association Secretary, ensuring that agenda topics align with the delivery of quarterly management reporting to the Board and distribute them prior to any scheduled meeting.



The Committee may request, where it is reasonable to do so in order to fulfil its responsibilities, the provision of:

- Any information or advice in the possession of the Association.
- The attendance of any member of the Association's staff at a committee meeting for all or part of a meeting of the Committee.

To ensure the independence of the Committee from management and the capacity to obtain a full appreciation of complex issues, the Committee is authorised to seek independent professional advice within the Internal Audit budget. If there are insufficient funds within the Internal Audit budget, the Committee should make a request to the Board for additional funds in order for it, with Board approval, to obtain the advice and institute any investigation it considers necessary to fulfil its objectives, obligations and responsibilities.

Meeting minutes shall be recorded and distributed to all members of the Committee after approval by the Chair. These minutes will comprise part of the Board papers for the next Board meeting.

The Committee will undertake an annual review of its effectiveness.

10. Decision-Making Process of the Committee

A quorum is defined as over 50% of the voting members. Quorums are required for valid votes at meetings of the Committee. Issues shall be decided by a simple majority vote of the voting members present. In the event there is a drawn vote, the Chair shall have a casting vote.

11. Authority of the Committee

To undertake the duties as outlined in this Charter that is ratified by the Board and provide regular reports to the Board.

12. Reporting to the Board

At least two weeks prior to each board meeting, the Committee Chair shall submit a written report to the Board concerning activities with the Committee's assigned areas of responsibility. The Committee must provide any reports requested of it by the Board.

13. Review of this Document

The Board will review and update this Charter on an annual basis. The Charter may be amended by resolution of the Board.

14. Review and Access to Charter

The FARMC Charter is reviewed by the Committee annually and submitted to the Board for ratification. This Charter shall be made available on the Association's website.



15. Charter History and Version Control

This Charter has effect, and replaces previous versions, from the date the Board approves the final version of this Charter.

Revision	Change details	Reviewed by	Date reviewed	Approved by	Approval date
1.0	Introduction of charter	Management		Board	May 2015
1.1	Updating and new format			Board	Aug 2016
1.2	Update	Audit, Finance & Risk Committee	17th October 2017	Board	11 Nov 2017
1.3	Update as well as name change of Committee	FARMC	19 April 2022	Board	27 Apr 2022
2.0	Reviewed to comply with new charter format	FARMC	30 Aug 2023	Board	12 Nov 2023