



## FINANCE COMMITTEE

Drafted by	Finance Committee	Version	001
Responsible person	Chair - Finance	Approved by Council on	8 <sup>th</sup> October 2014
		Scheduled review date	October 2019

- 1.1** The finance committee (the committee), appointed by Council, assists Council to fulfil its oversight responsibilities relating to:
- 1.1.1 Budgeting and financial planning
  - 1.1.2 Preparation and integrity of the Association's financial accounts and statements
  - 1.1.3 Internal controls, policies and procedures that the Association uses to identify and manage business risks.
  - 1.1.4 Engagement, fees and performance of the external auditor
  - 1.1.5 Association's compliance with legal, regulatory requirements and compliance policies.
  - 1.1.6 Investment management
- 1.2** The existence of the committee does not diminish Council's ultimate responsibility for decision-making relating to the work of the committee.

## 2 AUTHORITY

- 2.1** Council has authorised the committee, within the scope of its duties and responsibilities set out in this charter, to:
- 2.1.1 Perform the activities required to discharge its responsibilities and make recommendations to Council.
  - 2.1.2 Resolve any disagreement between Exec or the Executive Officer and the external auditor, with areas of disagreement being advised to Council.
  - 2.1.3 Select, engage and approve fees (within operational limits) for professional advisers that the committee may require to carry out its duties.
  - 2.1.4 Subject to the agreed protocol:

- 2.1.4.1 Require the attendance of any staff member at meetings, as appropriate.
- 2.1.4.2 Have unrestricted access to employees and information it considers relevant to its responsibilities under this charter.

### **3 MEMBERSHIP**

- 3.1 The Chair of Council is responsible for nominating committee members for approval by Council.
- 3.2 The committee will comprise at least 3 members, including the Treasurer and at least one independent member (as defined in the constitution).
- 3.3 Non-Council members with appropriate skills and experience may be invited to be committee members, subject to the same requirements as Council members. However Council members on the committee must be in the majority.
- 3.4 Committee members are expected to:
  - 3.4.1 Have sufficient time to devote to their committee duties.
  - 3.4.2 Be "financially literate" (i.e. able to read and understand financial statements and challenge information presented to committee meetings).
  - 3.4.3 Possess a good knowledge regarding the association.
  - 3.4.4 Be familiar with the legal and regulatory requirements.
- 3.5 Preferably, at least one member should have accounting or related financial expertise.
- 3.6 Committee member appointments are for an initial term of 3 years and the appointment is reviewed annually, or earlier, if circumstances dictate.
- 3.7 The Executive Officer or their designate is the committee secretary.

### **4 CHAIR**

- 4.1 The AAP treasurer will be the chair of the committee.
- 4.2 The Chair of Council is not permitted to be the treasurer/committee chair.
- 4.3 Should the committee chair be absent from a meeting, the committee members present must appoint a chairperson for that particular meeting.

### **5 MEETINGS**

- 5.1 The committee will normally meet at least once per quarter. If a member is unable to be physically present, they may participate by video or by teleconference.
- 5.2 A notice of each meeting, with relevant supporting agenda papers, confirming the date, time and venue is to be forwarded to each committee member (with a copy to all members of Council) at least 5 working days before each meeting.

- 5.3 The committee chair, the Chair of Council, or any committee member may call a meeting of the committee. The committee chair may waive the 5 working days notice period, if agreed by all members.
- 5.4 The committee chair may invite any person or persons (other than duly appointed members) to attend meetings of the committee, but not necessarily for the full duration of the meeting. A standing invitation shall be issued to other members of Council and the Executive Officer (or staff acting in their role), and the external auditor.
- 5.5 At least 50% of the committee members (and a minimum of 2 people) will constitute a quorum.
- 5.6 The committee chair is not entitled to a second or casting vote.

## **6 MINUTES**

- 6.1 The committee secretary or delegate will normally prepare the minutes of the committee meeting within 7 working days. After the committee chair has given preliminary approval, the draft minutes are circulated to all committee members and, once approved, to the other members of Council.
- 6.2 The minutes of the meetings must be confirmed at the next committee meeting.

## **7 DUTIES AND RESPONSIBILITIES**

In assisting Council to fulfil its responsibilities, the duties of the committee are as follows:

### **7.1 Budgeting and financial planning**

As appropriate, the committee will:

- 7.1.1 Develop an annual budget in conjunction with the Executive.
- 7.1.2 Develop a five year budget with the Executive, that integrates strategic planning objectives and initiatives
- 7.1.3 Present the annual and five year budget to Council for approval.
- 7.1.4 Monitor adherence to the annual and five year budgets.

### **7.2 Preparation and integrity of the Association's financial accounts and statements**

As appropriate, the committee will:

- 7.2.1 Review any significant accounting and reporting issues and understand their effect on the Association's financial statement
- 7.2.2 The committee will pay particular attention to:
  - 7.2.2.1 The consistency of accounting policies.
  - 7.2.2.2 Treatment of any complex or unusual transactions.
  - 7.2.2.3 Any donor or funder restrictions on their contribution.
  - 7.2.2.4 Issues regarding the solvency of the Association.

### **7.3 Internal controls, policies and procedures that the Association uses to identify and manage business risks**

**Committee Charters** can be established or altered only by Council.

As appropriate, the committee will:

- 7.3.1 Review and approve the Association's risk management process.
- 7.3.2 Approve and monitor the Association's risk profile, covering the key Associational risks, including fraud, strategic, operational, legal and financial.
- 7.3.3 Review any fraud reports.
- 7.3.4 Review the effectiveness of the Association's insurance activities, including directors' and officers' coverage.
- 7.3.5 Ensure staff remuneration risk and controls are in place.

#### **7.4 Engagement, fees and performance of the external auditor**

As appropriate the committee will:

- 7.4.1 Recommend to Council the appointment and performance evaluation of the external auditor.
- 7.4.2 Review and agree on the terms of engagement and the audit fees for the external auditor prior to the commencement of each audit.
- 7.4.3 Review the external auditor's management letter and ensure follow up on any issue mentioned.
- 7.4.4 Meet with the external auditor at least once a year.

#### **7.5 Association's compliance with legal, regulatory requirements and compliance policies**

As appropriate, the committee will:

- 7.5.1 Review the effectiveness of the Association's approach to achieving compliance with laws, regulations, industry codes and the Association's policies.
- 7.5.2 Regularly review any new or changed compliance matters that may have a significant effect on the Association's activities.
- 7.5.3 Ensure that the Association's policies and procedures are appropriate to protect the Association and manage its exposure to risk. Key organisational policies, and any proposed amendments to those policies, should be submitted to Council for approval.
- 7.5.4 Ensure that there is process in place for the Chair of Council and committee chair to be immediately informed of any issue of significant non-compliance or litigation.

#### **7.6 Investment management**

As appropriate the committee will:

- 7.6.1 Develop an investment plan detailing the objectives of the investment portfolio, guidelines on asset allocation based on the agreed level of risk tolerance, in conjunction with the Executive.
- 7.6.2 Ensure the Association manages its surplus cash to optimise earned income within the agreed low-risk level of risk tolerance.
- 7.6.3 Present the investment policy to Council for approval.
- 7.6.4 Hire and evaluate performance of investment managers / advisors, if needed.
- 7.6.5 Regularly monitor the implementation of the investment plan.
- 7.6.6 At least annually review the investment policy.

## **7.7 Other responsibilities**

As appropriate, the committee will:

- 7.7.1 Oversee related party transactions.
- 7.7.2 Review and approve contracts (subject to legal advice) relating to employees and service providers.
- 7.7.3 Review and approve criteria for tenders for service providers.
- 7.7.4 Any other responsibility Council may ask the committee to perform.

## **8 REPORTING**

**8.1** In addition to providing Council with a copy of the agenda, committee papers and minutes of its meetings, the committee will ensure that:

- 8.1.1 The committee chair reports to Council on committee meetings, regarding all relevant matters and appropriate recommendations, in a written report (with supporting material) for noting or approval by Council.
- 8.1.2 The committee addresses any other reporting responsibilities.

## **9 REVIEWS**

**9.1** To ensure that the committee is fulfilling its stewardship duties to Council, the committee will:

- 9.1.1 Review, at least annually, the committee charter and recommend any appropriate amendments to Council for approval.
- 9.1.2 Review the annual agenda incorporating any changes in the charter.
- 9.1.3 Conduct an annual assessment of the committee's activities, and the committee chair should report on the findings in their report to Council.

## **AUTHORISATION**



Graham Oppy  
8<sup>th</sup> October 2014  
Chair, Australasian Association of Philosophy

