

Governance Institute of Australia Ltd
A.B.N. 49 008 615 950

Risk Audit & Finance (RAF) Committee Charter

1 Purpose

The Risk Audit and Finance Committee (**Committee**) is a committee of the Board of Directors of Governance Institute of Australia Ltd (Governance Institute) established under clause 23(a) of Governance Institute's constitution to assist the Board in discharging its responsibilities by monitoring and advising on:

- Financial reporting including:
 - the integrity, truth and fairness of the view given by the financial statements of Governance Institute; and
 - the integrity of Governance Institute's financial systems and processes
- Governance Institute's overall risk management process and the management of specific risk areas as directed by the Board
- The effectiveness and operation of Governance Institute's internal controls over financial and other operations and reporting
- Compliance with legal and regulatory requirements
- The appointment and performance of the external auditors

1.1 The Committee also exercises such powers and performs such other functions as may be delegated to it by the Board from time to time.

1.2 The management of Governance Institute is responsible for the preparation, presentation and integrity of the company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

2 Membership

2.1 The Board appoints the members of the Committee and its Chair.

2.2 The Committee comprises at least four (4) members including the President of Governance Institute.

2.3 At least two (2) members of the Committee must be directors of Governance Institute including the Chair. The President of Governance Institute will be precluded from acting as Chair.

2.4 At least one (1), preferably two (2) Committee members are expected to:

- Be financially literate and have and maintain a good working knowledge of financial reporting issues; and

- 2.5 Each Committee member is expected to:
- have the capacity to devote the required time and attention to prepare for and attend Committee meetings.

2.6 The Company Secretary of Governance Institute is the Secretary to the Committee.

3 Meetings

- 3.1 The Committee must meet at least twice in each year
- 3.2 Any Committee member may, and the Committee Chair or Secretary, at the request of a Committee member, must convene a meeting of the Committee.
- 3.3 The agenda for Committee meetings is determined by the Committee Chair.
- 3.4 The agenda and supporting papers are to be delivered to Committee members by the Committee Secretary at least seven (7) days in advance of each meeting. Late papers may be accepted only with the consent of the Committee Chair.
- 3.5 Meetings and the proceedings of the Committee are governed by the provisions of the constitution of Governance Institute regulating meetings and proceedings of the Board.
- 3.6 A Committee meeting may be called or held using any technology consented to by each member. The consent may be a standing one.
- 3.7 A quorum for any meeting is any two members of the Committee.
- 3.8 In the absence of the Committee Chair (or his or her properly appointed delegate), the members will elect one of their number as chair of that meeting.
- 3.9 The Committee may invite other people including employees, directors of Governance Institute and external advisers to attend all or part of its meetings, as it deems necessary or appropriate.
- 3.10 Any Director of Governance Institute may attend a meeting of a Committee, however, prior notice or papers need not be given to Directors who are not Committee members.
- 3.11 Any Committee member or employee of Governance Institute or any other person has a material personal interest in a matter that is being considered at a meeting, he or she must not be present for consideration of that matter unless the interest has been fully disclosed to the Committee and the Committee agrees that the person may be present.
- 3.12 Decisions of the Committee may be made:
- at a duly called and constituted meeting; or
 - by a resolution in writing notified to all members of the Committee and signed by at least 75% of the members of the Committee who are entitled to vote on the resolution.
- 3.13 All members, directors and other attendees at Committee meetings are required to keep all information presented (whether written or oral) or discussed at Committee meetings confidential and only use and disclose this information in the proper discharge of their duties to Governance Institute.

4 Minutes

- 4.1 Minutes are to be prepared for each Committee meeting.
- 4.2 The draft minutes of each Committee meeting are to be reviewed by the Committee Chairman and circulated to all Committee members by the Committee Secretary as soon as practicable but no later than the distribution date for the papers for the next Committee meeting.

- 4.3 The Committee must confirm the minutes of each Committee meeting at its next meeting (or the next practicable meeting if the minutes are not available at the next meeting).
- 4.4 A copy of the minutes once they have been reviewed by the Committee Chair must be included in the papers for the next Board meeting.

5 Responsibilities

In performing its role, the responsibilities of the Committee include, but are not limited to:

5.1 Financial Reporting

- 5.1.1 Overseeing the periodic financial reporting process implemented by management.
- 5.1.2 Reviewing Governance Institute's financial statements and discussing them with management and the external auditors prior to their release to determine whether they are complete, reflect appropriate accounting principles, contain appropriate disclosures and are consistent with the information known to the Committee.
- 5.1.3 Obtaining from the Chief Executive Officer and the Chief Financial Officer, at least annually, written representations:
- that Governance Institute's financial records have been properly maintained in accordance with the Corporations Act;
 - that Governance Institute's financial statements present a true and fair view, in all material respects, of the company's financial condition, operational results and are in accordance with relevant accounting standards; and
 - as to the effective and efficient operation of Governance Institute's risk management and internal compliance and control system.
- 5.1.4 Reviewing the Directors' report
- 5.1.5 Reviewing the Annual Report
- 5.1.6 Reviewing the Annual Financial Budget to include providing feedback on assumptions, objectives and fulfilling the strategic objectives of the company.
- 5.1.7 Meet separately with the National Director, Finance & Administration or Chief Financial Officer of Governance Institute.

5.2 Risk Management

- 5.2.1 Approving Governance Institute's risk management policies and overseeing Governance Institute's risk management system.
- 5.2.2 Reviewing the principal strategic, operational, legal and financial risks to which Governance Institute is exposed.
- 5.2.3 Reviewing and monitoring the performance of management in implementing risk management responses and internal control rectification activities and seeking confirmation that there are appropriate systems in place for identifying and monitoring significant risks, which are operating as intended.

5.3 Internal Controls

- 5.3.1 Reviewing the results of the annual review of the effectiveness of internal controls over financial reporting.
- 5.3.2 Seeking confirmation that any internal control issues identified by management and any recommendations made by the external auditors, and approved by the Committee, have been addressed by management on a timely basis and within agreed timeframes.

5.4 Compliance

- 5.4.1 Reviewing Governance Institute's approach to achieving compliance with applicable laws, regulations and company policies.
- 5.4.2 Reviewing the results of management's investigation and follow-up (including disciplinary action) for significant identified acts of non-compliance.
- 5.4.3 Obtaining regular updates from management regarding compliance matters that may have a material impact on Governance Institute's reputation or financial statements.

5.5 External Audit

- 5.5.1 Making recommendations to the Board on appointing, reappointing or replacing the external auditor.
- 5.5.2 Reviewing and agreeing on the terms of engagement for the external auditors prior to the commencement of each audit.
- 5.5.3 Reviewing the external auditors' proposed audit scope and audit approach, including materiality levels.
- 5.5.4 Reviewing the relationship of the external auditors with Governance Institute on an annual basis to satisfy itself of their independence.
- 5.5.5 Reviewing information provided by the external auditors.
- 5.5.6 Regularly reviewing, with the external auditors, any audit problems or difficulties the auditor encountered in the normal course of audit work including any restrictions on audit scope, access to information or disagreements with management and management's response.
- 5.5.7 Ensuring significant findings and recommendations made by the external auditors are received and discussed by the Committee on a timely basis and seeking confirmation management has responded promptly to those recommendations.
- 5.5.8 At least annually, meeting separately, with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- 5.5.9 Reviewing all representation letters to the external auditors signed by management.
- 5.5.10 On an annual basis, reviewing and assessing the performance and qualifications of the external auditors, including the lead and review partners or equivalents.

5.6 Other

- 5.6.1 Performing any other duties and undertaking or overseeing any specific projects as requested by the Board from time to time.

6 Authority

- 6.1 The Board has authorised the Committee, within the scope of responsibilities set out in this Charter, to:
 - Perform the activities required to address its responsibilities and make recommendations to the Board
 - Select, engage, terminate and approve the fees and other terms and conditions of the engagement of special or independent experts and other advisors as it deems necessary to carry out its duties, capped at the level of the Chief Executive Officer's delegated authority, and if in excess, to be referred to the Board.
 - Have unrestricted access to management, employees and information it considers relevant to its responsibilities under this Charter.

7 Reporting Responsibilities

- 7.1 In addition to providing the Board with a copy of the minutes of its meetings the Committee will through its Chair, report to the Board on its meetings and make appropriate recommendations for approval by the Board:

8 Evaluating Performance

- 8.1 In order to ensure that the Committee is fulfilling its duties, it will:
- Undertake an annual assessment of its performance against the requirements of this Charter and provide that information to the Board
 - Provide any information the Board may request to facilitate its review of the Committee's performance and its members
 - Obtain feedback from the Board on the Committee's performance on an annual basis and implement any agreed actions

9 Review of the Committee Charter

- 9.1 Any modifications to or replacements of this Charter must be approved by the Board.
- 9.2 The Board shall review the Charter at least every two (2) years or as required, after the annual performance assessment, or when confirming Committee members.

Minute 5741 (30/11/14)