

CHARTER: NADA Finance, Risk, Audit & Compliance (FRAC) Committee of the Board

October 2021

Background

The Finance Risk Audit & Compliance Committee replaces the Board Executive and Board Finance Subcommittee.

Purpose of this document

This Charter sets out the role, responsibilities, membership and operations of the Finance, Risk, Audit and Compliance Committee (FRAC Committee or the Committee) of the Network of Alcohol and Other Drug Agencies (NADA).

Role of the Committee

The role of the FRAC Committee is to assist and advise the Board of directors to fulfill its governance responsibilities on matters relating to the financial performance and business policies and practices, practices of NADA which manage risk and ensure compliance with Australian Charities and Not-for-Profit Commission (ACNC) Act, the Associations Incorporation Act 2009 (NSW) and any other regulations.

The Committee is not a policy making body but assists the Board by implementing Board policy and making recommendations to the Board which require Board approval. The Board recognises that it retains the ultimate accountability for the responsibilities delegated to this Committee.

The FRAC Committee is authorised by the Board to:

- Obtain at NADA's expense, external legal or independent professional advice from such advisers as the FRAC Committee shall select who may, at the invitation of the FRAC Committee, attend meetings as required.
- Have access to NADA records (e.g. financial, information systems, risk management and compliance records) and staff in order to carry out its duties.

RESPONSIBILITIES

In discharging their responsibilities, the FRAC Committee members have a duty to act in the best interests of NADA, irrespective of personal, professional, commercial or other interests, loyalties or affiliations. Conflicts of interest are to be managed according to the defined NADA policy.

Financial performance

Monitoring and making recommendations to the Board regarding the overall financial performance of NADA including its business practices.

Statutory financial obligations

Oversee and make recommendations to the Board regarding NADA's compliance with statutory financial obligations including external audit and annual financial statements and ensuring the appropriate application and amendment of accounting policies.

Budget

Make recommendations to the Board regarding the annual operating budget. Monitoring financial performance of NADA against the operating budget.

Reporting

Oversee and make recommendations to the Board in relation to quality of internal and external reporting of financial and non-financial information, including statutory and regulatory reporting.

Investment

Make recommendations to the Board regarding business and investment management policies and activities including capital expenditure.

Managing risk

Oversee and make recommendations to the Board in relation to the processes for recognising and managing risk. Monitor management of key risks at NADA.

Financial controls

Oversee and make recommendations to the Board regarding NADA's internal financial controls, systems and processes by which delegated authority is exercised and controlled.

External auditor

Make recommendations to the Board regarding the appointment and performance of the external auditor including ensuring the independence of the external auditor and approving any non-audit work undertaken by the audit firm. Review the scope and effectiveness of the annual external audit.

Compliance with Australian Charities and Not for Profits Commission (ACNC) and Associations Incorporation Act 2009 (NSW) legislation

Oversee and make recommendations to the Board in relation to NADA's compliance with ACNC legislation and the Associations Incorporation Act 2009 (NSW)

Major funding contracts

Oversee NADA's compliance with any funding deeds, grants and other major funding contracts.

Other Committees

Work and liaise as necessary with all other Board committees and Subcommittees.

MEMBERSHIP, RULES AND TERM

Membership

The Committee will consist of at least three and no more than four Directors appointed by the Board.

Rules

- Other persons determined by the Board may attend as guests, such as the CEO Finance Manager and external experts and advisors.
- Other Directors and persons may also attend as guests to speak at FRAC Committee meetings are not members of the FRAC Committee.
- The Committee elects one of the members of the FRAC Committee as the Chair for a period of three years. The FRAC Chair cannot be the NADA Chair.

Term

- Appointment of members to the FRAC Committee is for three years.

OPERATIONS

Meetings

- The quorum for a meeting to proceed validly is two Directors.
- The Committee will meet as frequently as is necessary to fulfil its responsibilities, but at least six times per financial year.
- The Committee Chair is responsible to schedule the Committee meetings and send a notice of meeting and agenda. This can be delegated to the CEO.
- Meetings may be held in person or through video or teleconference, as decided by the Chair.
- The FRAC Committee takes decisions by consensus and informs the Board of the diverging opinions should consensus not be reached.
- All members of the Committee are expected to prepare adequately, attend and participate at Committee meetings.
- In the absence of the Committee Chair, one of the remaining FRAC Committee members shall chair the meeting with the agreement of the others.

Minutes

- A minute taker is provided by the NADA Executive and the minutes are circulated to all Committee members for ratification within 14 days of the meeting.

Reporting

- The Committee Chair shall report to the Board on the FRAC proceedings after each meeting on all matters within its duties and responsibilities.

- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit or, where in the Committee's opinion where action or improvement is needed.
- The Committee Chair will inform the Board where there are diverging opinions and consensus has not been reached.

Review

- Every three years review this Charter to ensure it is operating at maximum effectiveness and recommend any changes necessary to the Board for approval.