



Australian Institute of
Landscape Architects

Terms of Reference

Finance Risk and Audit Committee

The purpose of this policy is to define the Terms of Reference (TOR) for the **Finance, Risk and Audit Committee (FRAC)** of AILA Board.

This TOR describes the FRAC Committee's composition, responsibilities, delegations of authority, interactions with auditors, reporting requirements and meeting procedures.

Strategic Linkage

Sustainable AILA Strategic Pillar

- AILA has a financially stable base from which to develop and meet our strategic objectives
- AILA continues to review and improve its Governance framework

Profile Strategic Pillar

- The role of landscape architecture is understood and respected by built environment professionals and the communities in which we live

Background

The Finance, Risk and Audit Committee is established by AILA Board to provide assurance and make recommendations to the Board on matters relevant to the Institute's financial risk and control framework.

The establishment of the Committee does not diminish the power of Board to act in a matter.

Purpose of the Finance Risk and Audit (FRAC) Committee

The FRAC will provide assistance to the Board of Directors in fulfilling the Board's oversight responsibility to the members, and other stakeholders relating to the:

- effectiveness of AILA's risk management framework and control;
- integrity of AILA's financial statements;
- effectiveness of AILA's internal control over financial, statutory and grants reporting;
- AILA's compliance with legal and regulatory requirements;
- independent auditor's qualifications and independence;
- regular review of internal and external audits; and
- performance of AILA's internal and external auditors.

The FRAC is also required to:

- maintain free and open communication between itself, the external auditor, and management of AILA; and
- determine that all parties are aware of their responsibilities.

Roles & Responsibilities of the Committee

1. The FRAC key responsibilities and functions are to:
 - a. monitor the independence of the internal and external auditor and the internal and external audit function;
 - b. review the quarterly financial statements and reports including the Annual Report Financials and Budgets;
 - c. oversee AILA's financial controls and systems; and
 - d. oversee the process of identification and management of risk.
2. Management's key responsibilities are:
 - a. the preparation, presentation and integrity of AILA's financial statements;
 - b. to ensure the appropriateness of the accounting principles and reporting policies that are used by AILA;



- c. to establish and maintain internal control over financial reporting; and
- d. to implement the risk management framework, actions and strategies.

3. Audit and Finance

The FRAC primary roles are to:

- a. assist the Board in relation to the oversight and reporting of financial information;
- b. ensure the appropriate application and review of accounting policies and procedures;
- c. ensure the appointment, independence and remuneration of the external; and
- d. provide a link between the external auditors, the Board and senior management of AILA.

4. Risk and Controls

The FRAC function with respect to risk management is to review and report to the Board whether:

- a. AILA's ongoing risk management program effectively identifies areas of potential risk;
- b. AILA's anti-fraud programs and controls are adequate;
- c. there are any issues from monitoring management's steps to manage AILA's major financial risk exposures;
- d. adequate policies and procedures have been designed and implemented to manage identified risks, including a risk register, which describes the material risks facing AILA; and
- e. effective remedial action is being undertaken to redress areas of weakness.

5. Compliance

The FRAC function with respect to compliance is to review and report to the Board regarding the effectiveness of the compliance framework, including:

- a. compliance with laws and regulations (particularly those which have a major potential impact on AILA in areas such as trade practices, occupational health and safety, and the environment); and
- b. compliance with Corporate Governance practices and regulations including ACNC Rules, Corporations Act and AASB requirements and other best practice corporate governance processes.

6. Financial Reporting

The FRAC function with respect to financial reporting is to review and report to the Board on the financial reports of AILA including:

- a. Reviewing the quarterly financials and management's analysis report;
- b. Reviewing the annual audited financial statements;
- c. Discussing the annual external audit;
- d. Reviewing and assessing the appropriateness of AILA's accounting policies and principles and any significant changes therein;
- e. Reviewing and assessing any significant estimates and judgments in financial reports; and
- f. Reviewing and assessing the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting by AILA of financial and non-financial information.

7. External Auditors

The FRAC responsibilities for the external audit function include the following:

- a. Review the scope of the external audit including identified risk areas and any additional agreed-upon procedures;
- b. Review and assess non-audit services, with particular consideration given to the potential for the provision of these services to impair the external auditor's judgment or independence;
- c. Review the external auditor's audit fee, and be satisfied that an effective, comprehensive and complete audit can be conducted for that fee;
- d. Review and monitor management's responsiveness to the external auditor's findings and recommendations;
- e. Review with the external auditor any significant disagreements between the external auditor and management, regardless of whether they have been resolved;
- f. Review all representation letters signed by management, and be satisfied that the information provided is complete and appropriate; and

Evaluate the External Auditor's independence by:

- a. considering, taken as a whole, the various relationships between AILA and the external auditor;



- b. review and assess information from internal and external auditors that may affect the quality of financial reports; and
- c. review and assess documents and reports to regulators and make recommendations to the Board.
- d. The FRAC must review the appointment of an external auditor at least every three years.

Finance Risk and Audit Committee (FRAC) Membership

AILA Board will appoint the committee members following the receipt of expressions of interest from members. The committee will comprise:

- A minimum of one AILA Board member.
- AILA CEO.
- AILA Finance Officer.
- AILA Company Secretary.
- Up to 5 appointed members term of appointment of two years, with a suggested maximum service of two (2) consecutive terms to allow other AILA members to participate. However, members may participate for longer to ensure continuity of the committee's activities where appropriate.
- Ideally, all AILA membership categories will be represented on the Committee.
- The Chair(s) to be elected by the Committee and ratified by AILA Board.
- The committee secretariat is to be provided by an AILA staff member.
- A quorum for every meeting of the Committee is two thirds of the current appointed membership.

The Committee can co-opt AILA members with expertise to participate in working groups on an 'as needs' basis to focus on specific activities. All working groups to report back quarterly to the Committee.

Committee members are expected to participate in quarterly meetings, actively volunteer for assignments, and contribute to the tasks agreed upon.

Where consistent non-attendance (i.e. more than two consecutive meetings missed) is recorded, a Committee member may be asked to vacate their position.

Accountability

The following is the quality control approach for the work of the Committee:

- All Committee work is to be reviewed and adopted by AILA Board prior to any public release.
- When adopted as an AILA policy or plan, the AILA Board may delegate delivery and/or implementation to the Committee.
- The Committee members must seek AILA Board approval (through the CEO) prior to issuing or releasing policy or position statements.
- The Committee members are to provide to AILA Secretariat documentation of the activities undertaken on behalf of the Committee, within one week of the activity, to contribute to the Committee member reports for each Committee meeting.
- Committee to provide a written report to AILA Board (via the secretariat) on work undertaken, at least two weeks prior to quarterly AILA Board Meetings (3-4 times per year).

Meetings and Records

To facilitate its work the Committee will,

- Hold quarterly meetings in an online setting as set by the Committee chair with secretariat; and
- Each member must attend at least three meetings per annum to remain on the Committee and other meetings as and when required, unless otherwise negotiated.
- The Committee will be provided with a cloud-based workspace, to be advised by AILA.
- The records of all meetings are to contain only decisions, recommendations, and actions.
- The outcomes of the Committee's work are to be collated and circulated by the secretariat for each meeting.
- Drafts of documents produced will be circulated to Committee members prior to being finalised, issued, and stored on the AILA server.

Review of Terms of Reference

CEO to conduct annual review of ToR with the Chair and Committee members.

Relevant AILA Policies

- Conflict of Interest Policy
- Risk Management Policy
- Committee Code of Conduct

Key Committee Collaboration

- Membership Committee