

AUDIT AND FINANCE COMMITTEE

Terms of Reference

[Version 2019:01]



Our Netball Talent

Leading and developing our stakeholders through strong governance,
workforce management and administration

PROFESSIONALISM COLLABORATION INNOVATION

1. Introduction

The Board of Netball WA Inc (“Board”) has established an Audit and Finance Committee to assist it with the management of financial risk of Netball WA (“NWA”). NWA intends the Audit and Finance Committee to assist Glass Jar Australia Ltd (“GJA”) and the Board of GJA (“GJA Board”) and West Coast Fever Ltd (“WCF”) and the Board of WCF (“WCF Board”) in the same manner. This is the Terms of Reference of the Audit and Finance Committee.

2. Purpose

The Audit and Finance Committee (“the Committee”) is responsible for assisting the Board in discharging its responsibilities to safeguard the integrity of NWA’s financial reporting and the system of internal control.

The Committee will review NWA’s financial statements to oversee the integrity of NWA’s financial position and to oversee the independence and competence of the external auditors to NWA.

The Committee’s role is to provide appropriate advice and recommendations to the Board to assist the Board in fulfilling its corporate governance responsibilities in regard to financial reporting, the internal control environment, and audit management across NWA.

The Committee’s role also extends to assisting the GJA Board and the WCF Board with the same matters, specifically as they relate to GJA and WCF.

3. Authority

The Committee is empowered by the Board to perform the activities and pass resolutions relating to all its responsibilities set out in Section 7 of this Terms of Reference. In addition, the Committee is authorised to:

- 3.1. Investigate any activity it deems appropriate, consistent with its responsibilities and duties;
- 3.2. Seek explanations and additional information from management and any officer or employee of NWA, all of whom must co-operate with any request made by the Committee;
- 3.3. Meet with external auditors;
- 3.4. Resolve any disagreements between management and the external auditors;



- 3.5. Carry out any activities, determinations, decisions or resolutions delegated by the Board to the Committee; and
- 3.6. Engage any firm of accountants, lawyers or other professionals as the Committee sees fit to provide independent advice and to assist in any review or investigation on such matters as the Committee deems appropriate, and all associated costs will be borne by NWA or the relevant subsidiary. The Committee will seek to utilise preferred suppliers/contractors of NWA or the relevant subsidiary initially, where appropriate. Any associated expenditure will at all times be in line with the relevant Board's invested authorities and those of the Committee.

The external auditor will report independently to the Committee. The Committee will have full access to all books, records, facilities and personnel of NWA, GJA and WCF for the Committee to discharge its responsibilities.

4. The Committee is empowered by the GJA Board and WCF Board to perform the activities and pass resolutions relating to its responsibilities set out in Section 7 of this Terms of Reference.
5. Membership

The Board will appoint the members of the Committee and the Chair of the Committee. The committee will be comprised of:

- 5.1. at least one member of the NWA Board with two Board member positions available. The Second Board position can be filled by a member of either NWA's Board or of either subsidiary GJA or WCF;
- 5.2. the NWA CEO; and
- 5.3. up to one additional member at the discretion of the Board who:
 - 5.3.1. is independent of NWA and its Subsidiaries, the NWA Board, GJA Board and WCF Board; and
 - 5.3.2. the Board determines has the skills, expertise or experience that are of benefit to the Committee, having regard to the Committee's purposes and responsibilities.

The President of NWA and Chairs of GJA and WCF may be a member of the Committee but must not be the Chair. At least one member of the Committee must be a qualified accountant or other finance professional with significant relevant



finance and/or accounting expertise. At least one member of the Committee must have significant relevant understanding of the business of NWA, WCF and GJA.

The Committee will appoint the CEO's Executive Assistant as secretary of the Committee ("Secretary").

Members will be appointed for a two-year term and can be re-appointed.

The Chair may invite other members of management or external parties (as appropriate) to attend all or part of any Committee meeting.

The NWA Board may, in its discretion, remove members of the Committee from time to time.

6. Meetings

6.1. Quorum & Voting

A quorum of any Committee meeting will be two members and the CEO. A duly convened meeting of the Committee at which a quorum is present shall be sufficient to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee. In the absence of the Chair, the remaining members of the Committee will elect one of their number as Chair of the meeting.

Each member will have one vote and the Chair of the Committee will not have the casting vote.

Meetings may be held and resolutions passed by means of a conference call or similar communications equipment, or any other technology or process by means of which Board meetings may be held and resolutions passed under the provisions of the NWA Constitution and the Associations Incorporations Act 1987.

6.2. Frequency

The Committee will meet a minimum of six (6) times per year and more frequently if required, as determined by the Chair.

6.3. Calling meetings

The external auditors may convene a meeting by making a request to the Chair.



The Committee shall meet at least annually with the external auditors to discuss any matters the Committee considers relevant to the purpose of the Committee.

6.4. Schedule of Meetings

The Chair is required to call a meeting of the Committee upon all reasonable requests by either a Committee member, the CEO, the President of the NWA Board, Chairs of Subsidiaries, Glass Jar Australia or West Coast Fever Netball Club, or the external auditors.

The agenda (approved by the Chair) and supporting documentation should be delivered to the Audit and Finance Committee members, where possible, five (5) business days before the scheduled meeting.

6.5. Conflicts of Interest

6.5.1. Committee member conflicts

Committee members must disclose any conflicts of interest at the commencement of each meeting and the disclosure may be a standing one.

Where a Committee member or invitee is deemed to have a real or perceived conflict of interest, they must absent themselves from the Committee's discussions and voting on the issue.

Paragraph 4.3.1 (Conflicts of Interest) of the NWA Board Charter and Subsidiary's Charters applies to Committee members in the same manner as it does to the NWA, WCF and GJA Boards.

6.5.2. Conflicts between NWA and GJA and NWA and WCF matters

Where the Committee identifies a conflict on a matter between the interests of NWA and GJA or NWA and WCF, the Committee may proceed to advise or assist NWA on the matter, and must notify the GJA Board or WCF Board that the Committee is unable to advise or assist GJA or WCF due to a conflict of interest, but must not disclose to GJA or WCF the nature or details of the conflict.



6.6. Reporting

The Committee will regularly report to the Board, via the Secretary, on all matters relevant to the Committee's responsibilities including:

- 6.6.1. Reviewing at least Bi Monthly internally prepared financial statements of NWA;
- 6.6.2. Assessing whether NWA's internal and external reporting is consistent with the Committee members' information and knowledge and is adequate for member and key stakeholder needs;
- 6.6.3. Monitoring and assessing the adequacy, integrity and effectiveness of internal controls supporting financial reporting;
- 6.6.4. The procedure for the selection and appointment of external auditors in accordance with clause 3.6;
- 6.6.5. Recommending the appointment or, if necessary, the removal of external auditors;
- 6.6.6. Assessing the performance and independence of the external auditors;
- 6.6.7. Making other appropriate recommendations to the Board for the approval or action by the Board;
- 6.6.8. regularly reporting on the Committee's responsibilities to the GJA Board and the WCF Board, via the Secretary, on those matters relevant to GJA or WCF; and
- 6.6.9. making appropriate recommendations to the GJA Board and the WCF Board on those matters relevant to GJA or WCF, for the approval of, or action by, the GJA Board or the WCF Board.

7. Responsibilities

In meeting its primary objectives, the Committee should, without limiting the extent of its responsibilities, carry out the tasks and consider the various matters set out below:

7.1. Financial Statements

- 7.1.1. Review significant accounting, tax and reporting issues, including complex or unusual transactions and highly judgmental areas, and



recent professional and regulatory pronouncements and understand their impact on the financial statements;

- 7.1.2. Review with executive management and the external auditors the results of the audit, including any difficulties encountered;
 - 7.1.3. Review the financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
 - 7.1.4. Review the other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information;
 - 7.1.5. Review with executive management and the external auditors all matters required to be communicated to the Committee under generally accepted Auditing Standards;
 - 7.1.6. Understand how executive management develops interim financial information, and the nature and extent of internal and external auditor involvement;
 - 7.1.7. Review interim financial reports with management and the external auditor before filing with regulators and consider whether they are complete and consistent with the information known to the Committee.
- 7.2. Internal Control
- 7.2.1. Consider the effectiveness of NWA's internal control system, including information technology security and control;
 - 7.2.2. Understand the scope of external auditors' review of internal control system, including information technology security and control.
- 7.3. Financial Risk Management and Compliance
- 7.3.1. Interface and review with the CEO the activities, staffing and structure of the financial risk management and compliance function;
 - 7.3.2. Approve the annual plans of the Financial Risk and Compliance for NWA and regularly monitor the progress of implementation of these plans;
 - 7.3.3. Discuss the scope of work with the relevant Financial Risk and Compliance staff/consultants;



- 7.3.4. Review with relevant staff/consultants any significant recommendations made by them on the subject of internal control, and management's response to the recommendation;
- 7.3.5. Monitor progress made by management in improving internal controls arising from recommendations made by the relevant staff/consultants;
- 7.3.6. Meet with the CEO, in the absence of management, to hear the views of the auditor on financial management and internal controls.

7.4. External Audit

- 7.4.1. Interface with the external auditors;
- 7.4.2. Approve the annual plans of the external auditor for NWA, GJA and WCF and regularly monitor the progress of implementation of these plans;
- 7.4.3. Discuss the scope of audit work with the external auditors and approve letters of engagement (including proposed fees);
- 7.4.4. Commission such enquiry by the external auditor as the Committee deems appropriate;
- 7.4.5. Review with the external auditor any significant recommendation made by them on the subject of internal control, and management's response to the recommendation;
- 7.4.6. Monitor progress made by management in improving internal controls arising from recommendations made by the external auditors;
- 7.4.7. Make recommendations to the NWA Board and subsidiary Boards on the appointment or, if necessary, the removal of the external auditors, subject to the Associations Incorporation Act and the Corporations Act Requirements;
- 7.4.8. Review and approve external audit fees, including the monitoring and approval of all non-audit services in accordance with the Committee's policies;
- 7.4.9. Assess the independence of the external auditors (including the monitoring of the employment of former employees of the external auditor) and advise the NWA Board and subsidiary Board on any



statements required to be included in NWA's/WCF's/GJA's Annual Report as to:

7.4.9.1. whether the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Associations Incorporation Act/ Corporations Act; and

7.4.9.2. The reason for being satisfied (or not satisfied, as the case may be) that the provision of those non-audit services did not compromise the auditor independence requirements of the Associations Incorporation Act/Corporations Act.

7.4.10. Meet with the external auditors, in the absence of management, to hear the views of the auditors on financial management and internal controls (where necessary).

7.5. Compliance

7.5.1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non- compliance;

7.5.2. Review the findings of any examinations by regulatory agencies and any auditor observations;

7.5.3. Review the process for communication of the Code of Conduct to NWA personnel and for monitoring compliance therewith;

7.5.4. Obtain regular updates from management regarding compliance matters;

7.5.5. Review compliance with taxation requirements and tax risk management.

7.6. General

7.6.1. Review NWA's and its subsidiaries' insurances at least annually, having regard to NWA's and its subsidiaries' business and the insurable risks associated with NWA's business and its subsidiaries;



7.6.2. Receive and review the declarations made by the CEO in relation to financial reports (including as required by the relevant section of the Associations Incorporations Act/ Corporations Act);

7.6.3. Assist the CEO to facilitate the identification and management of all significant areas of financial risk to the satisfaction of both the Audit and Finance Committee and NWA Board and its subsidiaries in an integrated way;

7.6.4. Undertake any matters referred to the Committee by the Board;

7.6.5. Formulate and monitor the effectiveness of financial, accounting and other policies relevant to the Committee's responsibilities.

7.7. Glass Jar Australia Ltd

Undertake any of the matters and responsibilities in Section 7 specifically as they apply to GJA and the GJA Board, as determined by the Committee in consultation with GJA.

7.8. West Coast Fever Netball Club Ltd

Undertake any of the matters and responsibilities in Section 7 specifically as they apply to WCF and the WCF Board, as determined by the Committee in consultation with WCF.

8. Reviews

8.1. Review of Performance

To determine whether it is functioning effectively, the Committee will evaluate its own performance on an annual basis. This will include an assessment of the extent to which the Committee has discharged its responsibilities as set out in this Terms of Reference. The results of this review will be reported to the Board.

8.2. Review of Terms of Reference

The Committee will review its Terms of Reference every two (2) years, or otherwise as it considers necessary. The Committee shall discuss any required changes with the Board and ensure that the Terms of Reference is approved by a resolution of the Board.

