**MORNINGTON YACHT CLUB.**

**Finance and Audit Committee Charter**

1. **Scope and Purpose**

The Finance and Audit Committee (“the Committee”) of the Board (“the Board”) of the Mornington Yacht Club (“the Club”) will have the oversight responsibility, authority and specific duties as described below.

* 1. The role of the Finance and Audit Committee is to assist, advise and make recommendations to the Board on the overall organisation of the Club’s financial and business affairs, including auditing. The Committee, within delegated authority, acts on behalf of the Board on those matters.

1. **Exercise of powers**

The Committee must exercise the powers delegated to it in accordance with any directions of the Board.

1. **Membership** 
   1. **Composition**
      1. The Committee must have at least 4 members, being:

(i) two non-executive members of the Board selected by the Board from time to time;

(ii) the CEO; and

(iii) any other individuals (whether or not members of the Board) selected by the Board from time to time.

The CEO will attend meetings of the Committee and will act as Secretary to the Committee.

* + 1. At least two of the members of the Committee referred to in clause 3.1.1(i) or (iii) above must have a sound understanding of financial and accounting principles and be able to read and understand financial statements.
    2. The Board must appoint one of the members of the Committee as Chairman; normally the Honorary Treasurer. The Chairman of the Committee must be a member of the Board (excluding the Chairman of the Board). If the Chairman is unable to attend a meeting of the Committee, the Chairman may designate a Chairman for that meeting.
    3. The Chairman of the Committee may invite any other member of the Club to attend any meeting or meetings of the Committee. Any such person is entitled to speak but not vote.
    4. Any member of the Board not being a member of the Committee is entitled to attend, but not to vote at, meetings of the Committee.
    5. The Board may remove any member of the Committee referred to in clause 3.1.1(i) or (iii) and, if it deems appropriate, appoint a replacement.

3.1.7Members of the Committee other than the CEO, shall serve for terms of up to three years, concluding on 31 March of the relevant anniversary year.

* + 1. Appointed members may, if eligible, be re-appointed to serve for a further term.

1. **COMMITTEE rESPONSIBILITIES** 
   1. **General** 
      1. The Committee shall advise the Board on the management and organisation of the financial affairs of the Club; and the development and management of the Club’s assets.
      2. Without limiting the generality of the foregoing, the Finance and Audit Committee will undertake the responsibilities described below.
   2. **Strategic and Planning Advice**
      1. Receive and review recommendations from the CEO on the annual budget, ensure its alignment with the Club’s Strategic Plan and supporting plans, and recommend its adoption to the Board;
      2. Recommend to the Board any business plans for business development, including priorities for capital and information technology development and maintenance, and the resourcing of those priorities;
      3. Make recommendations in relation to any significant contracts for service to third parties, into which the Club or its controlled entity and related entities enter;
      4. Recommend a rolling five-year budget strategy that aligns with the Club’s Strategic Plan, in order to achieve the objectives within that Plan.
   3. **Capital Works**
      1. Approve expenditure for capital/capital works up to $10,000 for a single purchase, building or construction within the Club approved capital budget.
      2. Recommend to the Board any expenditure for capital/capital works in excess of $10,000 for any single building or construction within the Board approved budget.
      3. **Financial Risk Management**
      4. Advise the Board on any matters which have or potentially have, a significant financial impact upon the Club;
      5. Develop and recommend to the Board appropriate policies to manage financial risk.
   4. **Internal Control & Risk Management**

The Committee shall review and consider the appropriateness and adequacy of internal processes for determining, monitoring and assessing key financial risk areas. In particular the Committee shall:

* 1. Review and approve management's programs and policies which deal with the adequacy and effectiveness of internal controls over the Club’s business processes;
  2. Receive reports concerning material actual and suspected breaches of law, including fraud and theft and assess systems to manage this risk;
  3. Review any litigation, claim or other contingency which could have a material effect upon the financial position or operating results of the Club.
  4. **External Audit/Review**
     1. Recommend to the Board the appointment, reappointment or replacement and remuneration of the external auditor for the Club.
     2. Review and agree with the external auditor the terms of engagement for the external auditor;
     3. Monitor the effectiveness, performance and independence of the external auditor;
     4. Review the scope of the external audit with the external auditor including identified risk areas and approve external audit plans;
     5. Review and assess provision of non-audit services by the external auditor, with particular consideration to the potential to impair, or appear to impair, the external auditor's judgment or independence in respect of the Club;
     6. Develop policies for approval by the Board, in respect of the provision of non-audit services by the external auditor, taking into account, among other things, the importance of ensuring that the provision of non-audit services does not impair, or appear to impair, the external auditor's judgment or independence;
     7. Review and monitor management's responsiveness to the external audit findings;
     8. On a regular basis meet with the external auditor without the presence of management.

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* 1. **Review and Reporting**
     1. Receive and review regular financial reports, compare them against budget, and advise the Board on those reviews;
     2. Review and monitor the Club’s performance against financial benchmarks set by the Board;
     3. Review the annual financial statements and draft annual report and recommend these to the Board.
  2. **External Reporting** 
     1. Prior to approval by the Board, review all published financial statements that require signing by the directors.  The review of financial statements should include a discussion with the external auditor of accounting issues, accounting policies adopted and the proposed audit report;
     2. Before approval by the Board, review any report by management or directors which is required by law to accompany any published financial statements (to the extent that such a report discusses the financial position or operating results);
     3. The Committee should discuss with the external auditor its view of the appropriateness, quality and acceptability of the College's accounting principles;
     4. Review and consider the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting of financial information.
  3. **Insurance**

The Committee shall review and approve the adequacy of the cover of the College's insurance program.

* 1. **Delegations**
     1. Recommend the delegations of authority to incur expenditure.
     2. Undertake such other delegations as the Board may assign.
  2. **Other Responsibilities**

Oversee compliance with legislative obligations of a financial and tax nature.

1. **Mode of Operation**
   1. The Committee will report to the Board by way of its minutes.
   2. The Committee will provide a written report to the Board annually in May covering the previous calendar year. The report will outline administrative matters (such as number of meetings held, meeting attendance by members and any changes in membership or the Charter), key activities and decisions taken and other relevant matters.
   3. While the Committee has the responsibilities and powers set forth in this Charter, it remains the responsibility of the Board, the Auditors, the CEO to determine that the College’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles; and ensure compliance with all relevant laws and regulations.

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* 1. The Committee must meet at least six times annually and as many additional times as the Committee members consider necessary. Any Committee member and/or the Auditors may request the Chairman to call a special meeting should an urgent matter or situation arise requiring immediate attention.
  2. As necessary or desirable, the Chairman may request that representatives of the Auditors be present at Committee meetings.
  3. A quorum comprises any three Committee members, two of which must be members of the Board.
  4. In the case of a tied vote, the Chairman may exercise a casting vote.
  5. Minutes of proceedings and resolutions of Committee meetings are kept by the CEO or his or her designate and be provided to the Board as part of the Board Papers.
  6. Subject to the above, the Committee may operate its meetings as the Committee members consider appropriate from time to time.

1. **Authority**
2. The Committee has the authority to investigate any matter or activity involving financial management and financial reporting, as well as the internal controls of the Club.
3. The Committee is entitled to consult and obtain advice from independent experts as and when it considers necessary for the effective discharge of its duties and responsibilities, with the cost to be borne by the Club. Expenditure outside budget for this purpose shall require approval by the Board.
4. The Committee, in performing its functions in good faith may, to the extent permitted by law, access any document, report, material or information in the possession of an employee or external adviser of the Club.
5. The Committee may in good faith initiate special investigations as it sees fit, or as directed by the Board, in relation to matters sets out in this Charter.
6. For the avoidance of doubt, the following matters do not fall within the Committee's authority:
   * expenditure outside the approved budget in excess of $10,000; and
   * any other matters notified to the Committee by the Board from time to time.
7. **Annual Performance Evaluation**
8. The Chairman of the Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including reviewing the compliance of the Committee with this Charter.
9. The Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable.
10. The Board shall review the Committee’s performance annually, after the approval of the Club’s budget.
11. **Establishment of Working Parties and Subgroups**
12. The Committee may, as it deems appropriate or desirable, establish working parties to undertake particular tasks in relation to a nominated function. The composition of a working party may include persons other than members of the Finance and Audit Committee.
13. No working party will have authority to make decisions on behalf of the Finance and Audit Committee. The Finance and Audit Committee is responsible for receiving reports from any such group.
14. **Servicing of the Committee**

The CEO is Secretary to the Committee, and may be assisted by a minute secretary.