NATIONAL ELT ACCREDITATION SCHEME LIMITED (NEAS AUSTRALIA)

FINANCE, AUDIT AND INVESTMENT COMMITTEE CHARTER

ABN 29 003 980 667

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# 1. INTRODUCTION

The Finance, Audit and Investment Committee (FAIC) is a standing committee of National ELT Accreditation Scheme Limited (NEAS Australia) and is responsible for providing advice and guidance of the investments of NEAS Australia. The Finance, Audit and Investment Committee has overall oversight responsibility for the operation and administration of the Investment Portfolio, currently serviced by JB Were and any other investments approved by the Board (The Fund)

Further, the FAIC will have oversight responsibility, independent of the Chief Executive Officer, for funds designated as strategic investments by the NEAS Board.

The roles and responsibilities of the FAIC are further detailed in section 5.

NEAS is a Charitable Institution with GST Concession, FBT Rebate and Income Tax Exemption. The FAIC will work under the direction of the Board to achieve the NEAS Vision and Mission in accordance with the delegations detailed in this document.

# 2. PURPOSE AND DEFINITIONS

## 2.1. Purpose of this Charter

The purpose of this Charter is to detail the objectives, membership, responsibilities and procedures for the conduct of the FAIC.

## 2.2. Definitions

In this Charter:

• ***‘Board***’ means the Board of Directors of NEAS, ABN 29 003 980 667;

• ***‘Chairperson’*** means the chairperson of the Finance, Finance, Audit and Investment Committee set out in paragraph 3.1(g)

• ***‘Charter’*** means this Finance, Audit and Investment Committee as amended from time to time.

• ***‘Financial Year’*** means a one-year period from 1 July to 30 June the following calendar year.

• ***‘Fund’*** means the investment portfolio consisting of NEAS’s investable assets and NEAS strategic budgets as agreed to by the NEAS Board;

• ‘***NEAS***’ National ELT Accreditation Scheme Limited, ABN 29 003 980 667;

• ***‘Investment Manager’*** means professional and qualified firms or individuals who are engaged by the Audit and Investment Committee to provide investment advice and services under contractual terms;

• ***‘Finance, Audit and Investment Committee’*** means the standing committee appointed by the Board of NEAS to oversee the Fund’s investment Mandate in accordance with the Finance, Finance, Audit and Investment Committee Charter;

• ***‘Finance, Audit and Investment Committee Charter’*** means this document outlining the organisation, structure and responsibilities of the members of the Audit and Investment Committee as amended form time to time;

• ***‘Investment Mandate’*** means the Fund’s investment objectives, guidelines and strategy as provided for in the Investment Policy;

• ***‘Investment Policy’*** means the investment policy adopted by NEAS which sets out the investment methods for achieving the investment objectives as amended from time to time;

• ***‘Member’*** means a member of the Finance, Finance, Audit and Investment Committee ; and

• ***‘Secretary’*** means the secretary of the Finance, Audit and Investment Committee as set out in paragraph 3.1(h).

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# 3. ORGANISATION AND STRUCTURE

## 3.1. Membership

(a) The Finance, Audit and Investment Committee will is a standing committee of NEAS.

(b) The Board designates the Finance, Audit and Investment Committee members and selects the Chairperson of the Committee from its members.

(c) The Finance, Audit and Investment Committee will comprise at least three members and no more than six members and all members shall eligible to serve on the committee as long as they do not accept any consulting or additional advisory fee from NEAS (excluding Director’s Fees as Board Members).

(d) Each member should have the skills and experience appropriate for the management of investments in the not-for-profit sector.

(e) As at the date of this Charter, the Finance, Audit and Investment Committee comprises the following Members:

**Name Role**

 Voting Members

Committee Chair - Director

Member - Director

Member - Board Chair

The Chief Executive Officer (or delegate) is not a voting member. The CEO provides advice to the Committee and ensures the Committee is able to meet their requirements as per this Charter.

 and/or Secretary (at the invitation of the committee)

(f) If the Chairperson is not available, one of the other Members will act as Chairperson as elected by a majority vote of the Members attending the Finance, Audit and Investment Committee meeting. The Chairperson’s responsibilities will be to ensure that:

• the meetings are conducted in an orderly manner and in accordance with this Charter;

• all attendees have the opportunity to state their views and objections;

• all agenda items and special issues are adequately discussed; and

• minutes of meetings accurately reflect the attendance, discussions, and decisions made.

(g) The The CEO’s responsibilities will be to ensure that:

• Members and any observers invited to attend any Finance, Audit and Investment Committee Meeting in accordance with section 3.2 of this charter are given notification of the time, date and location of meetings;

• the agendas of meetings (together with the appropriate papers) are communicated to each Member and invited observer at least 5 days prior to the scheduled meeting, or such shorter period as may be agreed by the Finance, Audit and Investment Committee ;

• minutes which accurately record the deliberations of the Finance, Audit and Investment Committee are prepared following a meeting of the Finance, Audit and Investment Committee, and are distributed to each Member within 10 days after the meeting; and

• all documentation used in the process (including all checklists, correspondence, agendas, minutes, consents and verification of information) is maintained.

## 3.2. Meetings

(a) *Quorum* - subject to conflict provisions noted in this Charter, the quorum for a validly constituted

meeting of the Finance, Audit and Investment Committee is 50% of the Members. This precludes members who have declared a conflict of interest for any agenda items for that meeting.

*(b) Other attendees*

(i) The Finance, Audit and Investment Committee may invite any other personnel to attend any Finance, Audit and Investment Committee meeting, as observers.

(ii) An observer may speak at, and make recommendations to, any Finance, Audit and Investment Committee meeting, but they will not be entitled to vote. The Finance, Audit and Investment Committee not bound to follow any recommendation of an observer.

(c) *Attendance by experts and others* - where specific agenda items relate to experts’ reports,

appropriate representatives of those organisations may be asked to attend in person at one or more of the Finance, Audit and Investment Committee meetings in order to:

(i) present their reports;

(ii) address specific issues in such reports; and

(iii) address questions raised by the Finance, Audit and Investment Committee.

(d) *Frequency* - Finance, Audit and Investment Committee meetings will be scheduled at least twice per annum at a time and date to be determined by the Chairperson and notified by the Secretary. Additional votes outside of committee, or flying minutes may be required as necessary. These will be documented and filed with the minutes of the FAIC.

(e) *Meeting Structure* - at each meeting of the Finance, Audit and Investment Committee, the following items should be

considered as standing items:

 (iii) minutes of the last meeting, including confirmation that those minutes accurately reflect

the conduct of and discussions in that meeting;

(iv) circular resolutions (if any) passed by the Finance, Audit and Investment Committee since the last meeting;

Review of out of session “flying minutes” which have occurred since last meeting

(v) disclosure of any conflicts of interests, being a direct or indirect pecuniary interest that any Member or their Associate has in a matter being considered, or about to be considered, by the Finance, Audit and Investment Committee if their interest could conflict with the proper performance of their duties in relation to the consideration of the matter;

(vi) status of investment proposals considered at last meeting and confirmation of

implementation of agreed changes;

(vii) consideration of current macroeconomic conditions and overall market outlook;

(viii) report on existing investments and exit opportunities, current asset allocation and

comparison to strategic benchmarks;

(ix) consideration of new investment proposals; and

(x) consideration of whether there are any investment related matters that may require

communication with Finance, Audit and Investment Committee and Council.

(f) *Conflicts of interest* - where any conflicts of interest are disclosed to the Finance, Audit and Investment Committee under paragraph 3.2 (e)(v) Finance, Audit and Investment Committee must resolve, without the votes of the Members who have disclosed the conflicts, whether or not to allow the continued presence of the Members with conflicts. Where any Member’s continued presence is denied as a result of a decision made under paragraph 3.2(f) that Member shall not be counted in the quorum calculated under paragraph 3.2(a). As a 50% quorum is required and the CEO as secretary does not have voting rights, this allows for one member to be excluded for conflicts. In the case of multiple conflicts of interest, the committee will decide on how to proceed and may seek full Board advice and/or approval.

In relation to paragraph 3.2(a-e) each Member is required to:

(i) disclose all information, which may be relied upon by all Members (who are not excluded due to a conflict), as is known to each Member and which is relevant to the matters under consideration by the Finance, Audit and Investment Committee , provided such information is not subject to confidentiality restrictions or insider trading laws or regulations; and

(ii) consider whether each proposed or existing investment is within the scope of the Investment Mandate, and voice any concerns where the Member considers it is not.

(g) *Decisions of the Finance, Audit and Investment Committee*- all decisions taken by the Finance, Audit and Investment Committee must be by majority vote of the Members attending the relevant meeting. Where there is a deadlock, the Chairperson has the deciding vote. (h) *Circular resolutions* - decisions of the Finance, Audit and Investment Committee may be made by way of a circular resolution signed by each Member of the Finance, Audit and Investment Committee. (i) *Reporting to the Board* - the Finance, Audit and Investment Committee must report at least every 6 months to the Board, or more often as required. (j) *Confidentiality* - all matters and materials considered by the Finance, Audit and Investment Committee or by individual Members of the Finance, Audit and Investment Committee should be regarded as absolutely confidential unless otherwise advised by the Chairperson.

# 4. OPERATIONAL GUIDELINES

## 4.1. Ethical Conduct

(All Members are required to:

i. comply with the law;

ii. act honestly and with integrity;

iii. not place themselves in situations which result in a conflict of interest; and

iv. be responsible and accountable for their actions.

Each Member is expected to comply with the AICD General Duties of Directors (even if they are not a NEAS Board Member) and the

Chairperson is the Member’s first contact in clarifying any concerns they may have about its application.

The AICD General Duties of Directors are to:

* Use due care and diligence
* To act in good faith in the interest of NEAS
* Not to improperly use their position
* Not to improperly use information.

Moreover, members must ensure NEAS operates in accordance with the Corporation Act specifically with respect to:

* Insolvent Trading
* Management of financial information
* Disclosure of Interests
* Lodging of information with the ACNC?ASIC as required

## 4.2. Delegation of duties

The Finance, Audit and Investment Committee may delegate the task of investigating and reporting to specific Members. With the prior approval of the Finance, Audit and Investment Committee, Members may in turn delegate matters to other personnel or professionals. However, Members will remain responsible to the Finance, Audit and Investment Committee or ensuring tasks are investigated and reported on as required.

## 4.3. Access to documents

All materials relating to the investment process will be properly filed and indexed and stored with all relevant documents concerning the Fund. The original files will be retained by the Secretary to be made available to Members at their request, free of charge, subject to the Chairperson being reasonably satisfied that confidentiality will be maintained.

## 4.4. Costs

The annual cost incurred for the management investments should be reviewed annually to ensure it is considered reasonable for the services received.

## 4.5. Voting

Voting rights attached to major changes in investments are to be considered for all invested funds by the Finance, Audit and Investment Committee. The premise for this is that any instance of poor governance may result in an erosion of capital value for particular investments. The following guiding principles are to be applied:

• voting to be undertaken by an investment manager or delegate (CEO);

• a vote either ‘for’ or ‘against’ can be made, except where there is a conflict of interest;

• the Board may recommend the standard of corporate governance to be applied to votes;

• voting activity should be carefully monitored and overridden by the Board if necessary; and

• the Board retains the ultimate responsibility for voting decisions and for ensuring the financial sustainability of NEAS..

## 4.6. Internal Controls

The Finance, Audit and Investment Committee shall establish internal controls and processes that will ensure investment objectives are met and that the Fund is protected from loss, theft or inappropriate use.

The Finance, Audit and Investment Committee is responsible for maintaining the Investment Policy, which is updated regularly.

The established processes include quarterly reporting (including compliance reporting), as well as an annual review of the Policy as determined by the Board from time to time. The internal controls will address the following:

• control of collusion;

• separate the transaction authority from accounting and record keeping;

• safekeeping;

• avoid physical delivery of securities;

• clearly delegate authority to investment officers, including investment manager and the CEO;

• confirmation requirements for settlement of securities;

• compliance and oversight of investment parameters; and

• reporting of breaches.

The Finance, Audit and Investment Committee shall conduct an annual audit of the activities of the Fund to verify compliance with the Policy and legislation. An independent party (currently Bentley’s Auditors) to those making the investment decisions will perform the audit and the Board shall receive a copy of the audit report.

## 4.7. Investment Manager Delegation of Authority

Investment Manager

The Investment Manager shall manage the Investment Portfolio (Fund) on behalf of the Finance, Audit and Investment Committee, including sourcing and making suitable investments in accordance with the Policy. The Investment Manager shall keep the part of the Fund it is responsible for under review, including making full or partial realisation of or exit from individual investments. To provide a safeguard on the exercise of this authority, we instruct the Investment Manager to send, by email to all Authorised Individuals, all transaction confirmations related to the Fund.

Finance, Audit and Investment Committee

A “written instruction” from an Authorised Individual to the Investment Manager will also be considered to be valid, and hence executable, by officers of the Investment Manager in the following circumstances:

Any written instruction can be received from any member of the Finance, Audit and Investment Committee. To provide a safeguard on the exercise of this authority, we instruct the Investment Manager to send, by email, all transaction confirmations related to the Fund to all Authorised Individuals, simultaneously confirming the transaction.

No other methods of instruction are to be accepted.

# 5. RESPONSIBILITIES

## 5.1. Investment Duties

The Finance, Audit and Investment Committee members have the following investment responsibilities and duties.

(a) Understanding NEAS’s investment goals and how the Investment Policy Statement (IPS) support

its purpose and strategic focus.

(b) Adopting, reviewing and revising an IPS, which will cover the adopted asset allocation, return and risk parameters and prohibited investments.

(c) Monitoring the performance of investment managers in accordance with the IPS. This will involve the review of written reports and ensuring compliance with the IPS, and evaluating investment performance based on comparison of actual returns with return objective and with other benchmarks deemed appropriate by the Finance, Audit and Investment Committee.

(d) Appointing, reviewing, retaining and replacing investment managers.

(e) Reviewing the backgrounds of Members to ensure there are no conflicts of interest.

(f) assisting the NEAS Board in doing some preparatory financial assessments of the Strategic Objectives ahead of Board meetings (g) reviewing and recommending signing-off on NEAS Audited accounts.

(g) oversight responsibility for the operation and administration of the Investment Portfolio, currently serviced by JB Were and any other investments approved by the Board (The Fund)

## 5.2. Administrative Duties

The Finance, Audit and Investment Committee members have the following administrative responsibilities and duties.

(a) Resolving all questions of interpretation of the IPS relating to the investments of NEAS.

(b) Furnishing notices and reports to the Members and appropriate persons associated with NEAS.

(c) Reviewing all fees incurred in relation to the management of the investments of NEAS.

(d) Maintaining records for the administration of the Fund and the actions of the Committee.

(e) Selecting, monitoring and replacing third party advisors, such as consultants and other providers of investment services.

## 5.3. Charter Review and Adoption

A review of this document will take place every third year (or as required in the interim). This review will be conducted by the Finance, Audit and Investment Committee as part of NEAS’s annual review process.

This review process will also address issues such as any proposals to alter the requirements of the Finance, Audit and Investment Committee alterations to delegated authority and any additional management information reporting requirements.

The Charter adoption and amendments resulting from charter reviews must be approved by the Board.

# 6. MEMBERS’ AGREEMENT TO BE BOUND

Each of the undersigned, in their capacity as Members, agrees to be bound by the terms of this Charter (including the appendices):

....................................................... David Yoo(Chairperson)

....................................................... Tanya Buchanan

....................................................... Denise Taylor

....................................................... Patrick Pheasant