Finance, Risk & Audit Committee (FRAC)
Terms of Reference

1. Purpose

The Finance, Risk & Audit Committee (FRAC) is established by the Board of Directors of Australasian Military Medicine Association Ltd to support the Board in fulfilling its governance and oversight responsibilities in relation to:

- Financial management and reporting
- Budget oversight and financial sustainability
- Risk management and internal controls
- Audit processes and compliance obligations
- Governance and accountability practices
- Regulatory and statutory compliance relevant to finance and risk matters

The Committee operates in an advisory capacity to the Board unless specifically delegated authority by Board resolution.

2. Responsibilities and Authority

<u>2.1 Responsibilities</u>

The FRAC is responsible for reviewing, monitoring, and providing recommendations to the Board regarding:

Financial Oversight

- Annual budgets and financial forecasts
- Financial performance against budget
- Cash flow, reserves, investments, and financial sustainability
- Major financial risks and exposures
- Financial policies and controls
- Annual financial statements prior to Board approval

Risk Management

- Enterprise risk management framework
- Strategic and operational risk registers
- Risk mitigation strategies and monitoring
- Business continuity and cybersecurity risk oversight
- Insurance coverage and related risk protections

Audit and Compliance

- Appointment and engagement of external auditors
- Audit scope, findings, and management responses
- Monitoring implementation of audit recommendations
- Compliance with relevant legislation, regulations, and governance obligations
- Fraud prevention and internal control mechanisms

Governance Support

- Advising the Board on governance matters relating to accountability, transparency, and organisational risk
- Monitoring compliance with applicable policies and delegations

<u>2.2 Authority</u>

The Committee may:

- Request information from management necessary to fulfil its responsibilities
- Seek professional advice with prior Board approval where required
- Make recommendations to the Board on matters within its scope

Unless expressly delegated by the Board, the Committee does not have authority to:

- Approve budgets or financial statements
- Commit AMMA to expenditure or contractual obligations
- Direct staff independently of Board-approved delegations
- Make decisions reserved to the Board under the Constitution or applicable law

<u>2.3 Matters Outside Scope</u>

The FRAC is not responsible for:

- Operational management of AMMA activities
- Clinical or scientific program oversight
- Membership or disciplinary matters unless directly related to financial or governance risk
- Day-to-day financial administration functions

3. Composition

Membership

The Committee shall comprise:

- Up to two (2) members
- At least two (2) Directors of the Board
- A representative from the Management Company
- Other suitably qualified individuals may be appointed by the Board where specialist expertise is required

The Board shall appoint:

- The Committee Chair

- Committee members
- Any deputy or acting Chair arrangements if required

Chair

The Chair of the Committee:

- Must be a Director of AMMA
- Should not be the President where practicable, to maintain governance independence
- Is responsible for ensuring effective operation of the Committee

Skills and Experience

Collectively, Committee members should possess skills and experience relevant to:

- Finance and accounting
- Risk management
- Audit and governance
- Regulatory compliance
- Organisational management

Term of Appointment

- Committee members are appointed for terms determined by the Board
- Members may be reappointed
- The Board may remove or replace members at any time

4. Meetings

Frequency

The Committee shall meet:

- At least quarterly; and
- More frequently if required by the Chair or Board

Method

Meetings may be conducted:

- In person
- By videoconference or teleconference
- By other electronic means approved by the Chair

Quorum

A quorum shall consist of:

- A majority of appointed Committee members; and
- At least one Director

Decision Making

The Committee will generally operate by consensus.

Where recommendations or formal decisions are required:

- Decisions shall be made by simple majority of members present

- The Chair shall have a casting vote if required

Secretariat and Minutes

Administrative support will be provided by the Management Company or delegated staff member, including:

- Preparation and circulation of agendas
- Meeting papers
- Recording and retention of minutes
- Action tracking

5. Reporting

The Committee shall report to the AMMA Board following each meeting by providing:

- Meeting minutes
- Recommendations for Board consideration
- Updates on significant financial, audit, or risk matters
- Escalation of material concerns requiring Board attention

The Chair of the Committee may also provide verbal updates at Board meetings where appropriate.

6. Resources

AMMA shall provide reasonable administrative and operational support to enable the Committee to perform its functions, including:

- Access to relevant financial and organisational information
- Secretariat support
- Meeting facilities and technology platforms
- Access to external professional advice where approved by the Board

7. Deliverables

The Committee's outputs may include:

- Recommendations on annual budgets and financial strategy
- Review reports on financial performance
- Oversight of risk registers and mitigation plans
- Audit review reports and recommendations
- Governance and compliance recommendations
- Advice to the Board regarding financial sustainability and organisational risk

8. Review of Terms of Reference

These Terms of Reference shall be:

- Reviewed at least every two (2) years, or earlier if required by legislative, governance, or organisational changes
- Reviewed by the Committee and recommended to the Board for approval
- Approved by the AMMA Board