

CHARTER

THE OLD APOSTOLIC CHURCH

**THE CONFERENCE OF APOSTLES
(COA) STANDING COMMITTEE ON
FINANCE, AUDIT AND RISK
MANAGEMENT (THE COMMITTEE)**

2013

Charter

This "Charter" is approved by the Conference of Apostles and shall be reviewed on a two-yearly basis.

THE OLD APOSTOLIC CHURCH

COA STANDING COMMITTEE ON FINANCE, AUDIT AND RISK MANAGEMENT

1. Establishment and appointment of the Committee

The Committee on Finance, Audit and Risk Matters is a standing committee of the Conference of Apostles and established and appointed by the Conference of Apostles of The Old Apostolic Church in terms of clause 11.6.6 of the Constitution of The Old Apostolic Church.

The Committee on Finance, Audit and Risk Matters functions under the authority of the Conference of Apostles as part of the broader governance structure established to increase effectiveness, uphold the accountability, transparency and integrity of the administration of the Church and to build and maintain trust therein.

The Committee on Finance, Audit and Risk Matters shall function as determined by the Conference of Apostles and in accordance with the charter and mandate approved by the Conference of Apostles.

2. Composition of the Committee

2.1. The members of the Committee are appointed from the ranks of the Apostles of the Conference of Apostles, based on suitable qualifications and experience, as follows:

- There shall be a minimum of five members;
- One of the Apostles shall be appointed as the Chairman;
- An Apostle or a suitably qualified officer shall be appointed as the Secretary;
- The tenure of the members shall be 5 years, but members may be replaced or rotated at any time in the sole discretion of the Conference of Apostles;
- Appropriate internal and external audit practitioners as well as experts in the field of finance, audit and risk management may be invited to attend pre-identified agenda items of business of the Committee; and
- The Committee may request the presence of any Apostle, any serving officer / employee of the Church or any external audit professional at any of its meetings if their contribution is required to clarify any matter that is before the Committee.

- 2.2. The Committee may, with the prior approval of the Conference of Apostles, co-opt one or more auxiliary/additional/extraordinary members to the Committee from the ranks of serving officers or employees of the Church who are professionally qualified, a practitioner in one or more of the fields of finance, audit and risk or an academic with relevant knowledge.

Auxiliary/additional/extraordinary members will act in an advisory capacity in assisting the Committee to fulfil its responsibilities and shall not:

- Be part of a quorum of the Committee; and
- Vote on any matter.

Auxiliary/additional/extraordinary members serve at the behest of the Conference of Apostles and may be replaced or rotated at any time in the sole discretion of the Conference of Apostles.

3. Purpose and Objectives of the Committee

The COA Committee on Finance, Audit and Risk matters:

- Provide independent assurance and assistance to the COA on business controls and risk management in all areas of the Church. It does not replace established management responsibilities and delegations in terms of the Constitution of the Church or any rules or regulations or prescripts that apply within Provinces/ Districts/Regions.
- Monitor and report to the Conference of Apostles on finance, audit and risk matters, including:
 - Improvement of administrative and operational procedures as well as excellence and transparency in all aspects of the Church's temporal functioning; and
 - Compliance by Apostolates, Apostles and Provincial/District/Regional Head Offices with the finance, audit and risk provisions that are approved and prescribed by the COA or Apostolates from time to time;
- Assist Apostolates, Apostles Head Office Administration, Forums of Apostles and Provincial/District/Regional Head Offices in all finance, audit and risk matters in Provincial/District/Regional Head Offices;
- Act in an advisory capacity to the Conference of Apostles in finance, audit and risk matters referred to the Committee by the Conference of Apostles or the Apostolates.
- Provide the COA with prompt and constructive reports on its findings, especially when issues are identified that could present a material risk to the Church.

4. Responsibilities of the Committee

The Committee shall

- 4.1. Perform all actions necessary to fulfil the purpose and objectives of the Committee as set out in paragraph 3 of this charter;
- 4.2. Act in an advisory capacity to the Conference of Apostles in finance, audit and risk matters or any related matter referred to the Committee by the Conference of Apostles;
- 4.3. Be responsible for promoting sound governance principles through the establishment of best practice financial, audit and risk frameworks and practices to regulate the operation of Provinces/ Districts/ Regions;
- 4.4. In relation to finance matters and financial statements:
 - i) Review and make recommendations to the COA in respect of all matters involving Church finance, including annual planning, prioritisation, budgeting and expenditure management;
 - ii) Review and make recommendations in respect of banking and investment strategies and policies.
 - iii) Review the appropriateness of accounting policies;
 - iv) Review the significant accounting and reporting issues, and understand their impact on the financial statements;
 - v) Review the annual financial statements, and consider whether they are complete and consistent with prescribed accounting policies;
 - vi) Obtain assurance from Management with respect to the accuracy of the financial statements;
 - vii) Review with Management and the external auditors the results of external audit, including any significant issues identified;
 - viii) Review the annual report and consider the accuracy and completeness of the information;
 - ix) Reviewing significant accounting and reporting issues, including complex or unusual transactions;
 - x) Approve the terms of reference and remuneration of the auditors; and
 - xi) Report to the COA on its statutory duties.
- 4.5. Risk Management
 - i) Develop a risk management framework, including risk management regulations and a risk matrix template, for identifying, assessing, monitoring, managing and reporting significant risks in all Provinces/ Districts/Regions;
 - ii) Develop a training programme for all Apostles and senior employees in respect of the management of risk in the Church;

- iii) Develop risk assessment, risk reporting and risk mitigation mechanisms and for approval by the COA and implementation by all Provinces/Districts/Regions;
- iv) Liaise with Management to ensure that there is a common understanding of the key risks to the Church in Provinces/Districts/Regions;
- v) Assess and contribute to the audit planning processes relating to risk management with specific reference to:
 - financial reporting risks, including the risk of fraud;
 - internal financial controls;
 - IT risks as they relate to financial reporting; and
 - Management and control of Church assets (funds, inventory and other).
- vi) Review and recommend disclosures on matters of risk in the annual financial statements; and
- vii) Provide regular feedback to the COA on the adequacy and effectiveness of risk management in the Institution, including recommendations for improvement.

4.6. Internal Audit

- i) Review and approve the Internal Audit Plan of Provinces/Districts/Regions;
- ii) Review significant audit findings and recommendations by Internal Audit as well as the Management responses thereto;
- iii) Review the effectiveness of the Internal Audit function in Provinces/Districts/Regions; and
- iv) Provide regular feedback to the COA on the adequacy and effectiveness of internal audit practices in the Church, including recommendations for improvement.

4.7. External Audit

- i) Establish a methodology for appointing external auditors for the Church in Provinces/Districts/Regions;
- ii) Review the external auditors' proposed audit scope, approach and audit fees for the next financial year;
- iii) Align and coordinate the audit efforts between internal and external auditors;
- iv) Review the findings and recommendations by the External Auditor and Management responses thereto;
- v) Review the implementation of the External Auditor's recommendations by Management; and
- vi) Review the performance of the external auditors.

5. Relationship of the Committee to the Conference of Apostles

The Committee shall report to the Conference of Apostles on all its deliberations and shall make recommendations to assist the Conference of Apostles in all matters relating to finance, audit and risk matters.

6. Delegation of Authority

The Conference of Apostles may delegate its authority to the Committee on an *ad hoc* basis to investigate any activity within its terms of reference.

7. Powers of the Committee

The Committee shall have direct and unobstructed lines of communication to Provinces / Districts / Regions as well as external and internal legal professionals.

The powers of the Committee shall not be limited in any way so as to prevent it from properly performing its duties in terms of any applicable relevant legislation, or as prescribed by regulation, or as set out in this charter.

The Committee shall have the unfettered right to:

- Have access to records containing information needed to properly perform its duties and execute its powers;
- Request any person to attend any of its meetings, if necessary, to supply information the Committee might need to perform its duties and execute its powers; and
- Initiate investigations regarding any matter it may deem necessary, and for the purposes thereof obtain legal advice or any other advice from external experts with the prior approval of the Conference of Apostles.

8. Code of Conduct of the Members and Officials of the Committee

In order to ensure good ethical practice, the chairman and members of the Committee must:

- Ensure that there is no conflict of interest in relation to any matter being discussed by the committee;
- Declare their interest in any matter being discussed by the Committee;
- Always act in an ethical manner in carrying out their fiduciary duties;

- If possible, make recommendations on a consensus basis;
- In the event of a dispute, table the matter at the Conference of Apostles for discussion and resolution; and
- Ensure that they make an effort to attend all meetings of the Committee.

9. Meetings of the Committee

- 9.1 Meetings shall be held as often as is necessary and the Committee may regulate its proceedings as it thinks fit.
- 9.2 A quorum shall consist of 80 percent of the members, rounded off into the following whole number.
- 9.3 The Chairman shall chair all meetings and if the Chairman of the Committee is absent from the meeting, the members present may elect one of the other members to act as Chairman.
- 9.4 The Secretary shall act as the coordinating officer for the purpose of meetings, deliberations, investigations and the preparation of opinions, studies and advice.
- 9.5 Minutes of the proceedings at Committee meetings must be kept and distributed to Committee members as well as the Conference of Apostles within the prescribed period for confirmation and subsequent signature by the Chairman and Secretary.