

# Finance, Risk & Audit Committee Charter

*Sub-committee of the APNIC Executive Council*

Version 1.0

10 December 2024

The Finance, Risk & Audit Committee was established pursuant to resolution 2024-43 of the APNIC Executive Council on 10 December 2024.

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## Contents

<b>Contents</b>	<b>2</b>
<b>1 Purpose</b>	<b>3</b>
<b>2 Authority</b>	<b>3</b>
<b>3 Objectives</b>	<b>3</b>
<b>4 Composition</b>	<b>4</b>
<b>5 Appointment</b>	<b>4</b>
<b>6 Duties &amp; Responsibilities</b>	<b>4</b>
Financial Reporting	4
Investment oversight	5
Risk Management, compliance and internal controls	5
Internal audit	5
<b>7 Meetings</b>	<b>6</b>
<b>8 Reporting</b>	<b>6</b>
<b>9 Code of Conduct</b>	<b>6</b>

## 1 Purpose

- 1.1 The Finance, Risk & Audit Committee (**FRAC**) is appointed by the Executive Council (**EC**) to assist the EC in fulfilling its corporate governance and oversight responsibilities in relation to corporate reporting processes, including the financial reporting process, risk management and internal control, external audit, internal audit and compliance and investment oversight.
- 1.2 This Charter sets out the role and responsibilities of the FRAC and outlines how it will operate. Nothing in this Charter limits powers and responsibilities of the EC or APNIC Board.
- 1.3 The Charter will be reviewed and updated where appropriate at least every two years.
- 1.4 The FRAC will conduct an annual review of its performance and effectiveness.

## 2 Authority

- 2.1 The EC establishes the FRAC as a standing sub-committee of APNIC, established under Part VII of the APNIC By-Laws, with the power and authority to exercise its role and responsibilities set out in this Charter and as otherwise granted to it under separate resolutions of the APNIC EC from time to time.
- 2.2 The FRAC will make recommendations to the APNIC EC on all matters within its scope of responsibility which require a decision or resolution. The FRAC does not have the power or authority to make a decision in APNIC EC's name or on its behalf unless there has been an express delegation by the EC to that effect. All recommendations shall be made by a simple majority of the members of the FRAC in attendance.
- 2.3 The FRAC has authority to investigate any matter within its Charter and to obtain such reasonably necessary information as it may require from any officer or employee.

## 3 Objectives

- 3.1 The FRAC's objectives are to:
  - (a) Ensure accounts and records are kept as are necessary or desirable to reflect the financial position of APNIC and the corporation (By Laws Part V, 49(c)).
  - (b) Review the end of year financial statements and related disclosures, financial and other performance indicators and trends, and the findings and reports of the auditors.
  - (c) Oversee APNIC's Investment Policy Statement and performance of the investment portfolio.
  - (d) Oversee the functioning of APNIC's risk management procedures including regular review of the strategic risk register.
  - (e) Approve the annual internal and external audit programs and appoint the internal and external auditors.
  - (f) Address other matters referred by the APNIC EC from time to time.

- 3.2 These Objectives are met through carrying out the duties and responsibilities outlined in section 6 below.

## **4 Composition**

- 4.1 The FRAC will consist of three members of the EC, one of whom must be the Treasurer of the Executive Council.
- 4.2 The composition of the FRAC will be reviewed annually following the APNIC AGM.
- 4.3 The company secretary of APNIC will be the secretary of the FRAC.
- 4.4 The Director General, Finance Director, and General Counsel will normally be invited to attend committee meetings.
- 4.5 The FRAC may from time to time appoint external experts at its sole discretion to assist it to discharge its responsibilities.
- 4.6 All EC Members may attend meetings of the FRAC as observers, subject to exclusion as deemed appropriate by the FRAC Chair from time to time. All EC Members will have access to minutes, papers, and reports arising from FRAC meetings, unless they have a conflict of interest in respect of an agenda item. The FRAC may invite such other persons to its meetings as it deems necessary, including members of the APNIC Secretariat.

## **5 Appointment**

- 5.1 Pursuant to section 4 above, the Executive Council shall determine the membership of the FRAC and appoint the Chair.
- 5.2 The Chair should be an appropriately qualified EC Member who does not Chair the EC.
- 5.3 FRAC members shall be appointed for the duration of their term on the Executive Council.
- 5.4 FRAC members may resign upon reasonable notice to the Chair of the Executive Council.
- 5.5 New members of the FRAC will be inducted prior to their first meeting by the General Counsel in consultation with Director, Finance.

## **6 Duties & Responsibilities**

- 6.1 The FRAC will carry out the following duties and responsibilities.

### **Financial Reporting**

- 6.2 Review, at least quarterly, APNIC's most recently produced financial report. Ensure relevant financial accounting policies and procedures are in place and maintained so as to comply with statutory and regulatory requirements
- 6.3 Assess and confirm, at least annually, that APNIC remains a going concern and can meet its commitments as and when these fall due

- 6.4 Meet with external auditors and management annually to consider:
- (a) Results of the external auditor's audit
  - (b) Significant financial reporting issues
  - (c) Appropriateness of accounting policies adopted
  - (d) Other matters related to the conduct of the audit
  - (e) Review of management representations including declarations of the Director General and Director, Finance.
  - (f) Assess the quality and effectiveness of the audit
  - (g) Discuss any matters that the FRAC or auditor believes should be discussed privately (APNIC Secretariat Committee members shall recuse themselves from such meetings)
- 6.5 Provide a recommendation to the board on the selection, appointment, re-appointment or replacement of the external auditor.
- 6.6 Review, as required, APNIC's tax affairs including compliance with relevant legislation, APNIC's Private Ruling, and emerging compliance matters.

**Investment oversight**

- 6.7 Review, at least quarterly, the performance of APNIC's investment portfolio and compliance with APNIC's Investment Policy Statement.
- 6.8 Meet, at least once per year, with APNIC's investment manager to discuss the performance and outlook of the investment portfolio.
- 6.9 Coordinate a review of the Investment Policy Statement and Investment Risk Appetite every two-years.

**Risk Management, compliance and internal controls**

- 6.10 Review, at least quarterly, APNIC's strategic risks and evaluate the steps management has taken to identify and mitigate financial and non-financial risks and exposures.
- 6.11 Monitor the impact of changes to legislation, regulation, and accounting standards that affect APNIC's operations and assess the effectiveness of APNIC to ensure conformity.
- 6.12 Monitor and review related party transactions and arrangements.
- 6.13 Review and monitor, at least quarterly, exposure to legal, compliance and litigation risks
- 6.14 Undertake annual review and approval of APNIC's insurance program.

**Internal audit**

- 6.15 Review and approve the annual internal audit plan.

- 6.16 Review, at least quarterly, the outcomes and recommendations of internal audits performed including, where relevant, meeting with consultant auditors to discuss such outcomes.
- 6.17 Review the adequacy of APNIC's internal controls, security, conflicts of interest and prevention and identification of fraud.

## **7 Meetings**

- 7.1 The FRAC will meet at least quarterly in person or via videoconference. As far as practical, meetings shall be held in advance of EC Meetings to provide sufficient opportunity for recommendations and business of the Committee to be reported on at each EC Meeting.
- 7.2 The quorum shall be more than half of the total number of FRAC members.
- 7.3 An agenda and meeting papers will be prepared and provided in advance to members, along with appropriate briefing materials.
- 7.4 Minutes of meetings will be prepared and circulated to the FRAC members and all EC members.

## **8 Reporting**

- 8.1 The committee will report regularly to the EC about committee activities and make appropriate recommendations.

## **9 Code of Conduct**

- 9.1 APNIC's Code of Conduct applies to all members of the FRAC.