

APPENDIX G

AUDIT AND RISK COMMITTEE CHARTER

1. Purpose

- 1.1 This charter sets out the committee's objectives, authority, composition and tenure, roles and responsibilities, reporting, and administrative arrangements.

2. Objective

- 2.1 The objective of the committee is to provide independent assurance and assistance to the President of the Canberra/Goulburn Territory Council on the risk, control, compliance framework, and external accountability responsibilities of the Council (the organisation), including its operating entities the Society of St Vincent de Paul Pty Ltd and the St Vincent de Paul Society (Canberra/Goulburn) Incorporated.

3. Authority

- 3.1 The President authorises the committee, within the scope of its role and responsibilities, to:
- obtain any information it needs from any employee, volunteer and/or external party (subject to their legal obligation to protect information);
 - discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
 - request the attendance of any employee or volunteer at committee meetings; and
 - obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the organisation's expense.

4. Composition and Tenure

- 4.1 The committee will consist of four (4) members, one Territory Council member, one Society member and two independent committee members.
- 4.2 The President will approve the appointment of the members to the committee including the selection of the Chair.
- 4.3 Members will be appointed for an initial period not exceeding two (2) years after which they will be eligible for extension or re-appointment.
- 4.5 The CEO and Chief Finance Officer will not be members of the committee, but will be invited to attend all meetings as observers. The President will be invited to address the committee annually.
- 4.6 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the organisation.

5. Roles and Responsibilities

- 5.1 The committee has no executive powers, except those expressly delegated to it by the President.
- 5.2 The committee is directly responsible and accountable to the President for the exercise of its responsibilities. The primary responsibility for management of the organisation rests with the CEO, but this does not impede the work of the committee.
- 5.3 The responsibilities of the committee may be revised or expanded in consultation with, or as requested by, the President from time to time.
- 5.4 The committee's responsibilities include oversight of:

5.4.1 Risk Management

- review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the organisation's financial and business risks, including fraud;
- review whether a sound and effective process has been followed in developing strategic risk management plans for major projects or undertakings;
- review the impact of the organisation's risk management framework on its control environment and insurance arrangements;
- review whether a sound and effective process has been followed in establishing the organisation's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically; and
- review the organisation's fraud control arrangements and satisfy itself that it has appropriate processes and systems in place to capture and effectively investigate fraud related information.

5.4.2 Control Framework

- review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective;
- review whether management has in place relevant policies, procedures, and internal controls and that these are periodically reviewed and updated;
- determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with;
- review whether appropriate policies and procedures are in place for the management and exercise of delegations;
- consider how management identifies any required changes to the design or implementation of internal controls; and
- review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

5.4.3 External Accountability

- advise the President on whether key controls are designed appropriately and are operating effectively;
- review the annual financial statements and provide advice to the President (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the President;
- satisfy itself that the financial statements are supported by appropriate management signoff on the statements, and on the adequacy of the systems of internal controls;
- review the processes in place designed to ensure that financial information included in the organisation's annual report is consistent with the signed financial statements;

5.4.4 Legislative Compliance

- determine whether management has appropriately considered legal and compliance risks as part of the organisation's risk assessment and management arrangements; and
- review the effectiveness of the system for monitoring the organisation's compliance with relevant laws and regulations.

5.4.5 Internal Audit

- act as a forum for communication between the senior management and internal and external audit;
- adopt a risk based approach to planning internal audits, with the selection of audits being closely related to the key risks identified in the strategic risk reviews, and providing broad coverage over time;
- ensure the internal audit work plan assesses the adequacy of the organisation's internal controls including those underpinning the reliability of the financial reporting and statements;
- consider all audit reports and provide advice to the President on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
- monitor management's implementation of internal audit recommendations;
- review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place; and
- periodically review the performance of the internal audit providers.

5.4.6 External Audit

- provide input and feedback on the financial statements audit coverage proposed by external audit and provide feedback on the audit services provided;
- review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations; and
- provide advice to the President on action taken on significant issues raised in relevant external audit reports.

6. Responsibilities of Members

6.1 Members are expected to:

- contribute the time needed to attend meetings and study and understand the papers provided;
- apply analytical skills, expert knowledge, objectivity and good judgement; and
- express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.

7. Reporting

7.1 The President will be provided with a copy of the minutes of each meeting of the Committee, and the Chair will brief the President on any matters which are considered to be of critical importance. ARC minutes will be tabled at Council meetings as information papers.

7.2 The committee will regularly, but at least once a year, report to the President on its operation and activities during the year. The report should include:

- a summary of the work the committee performed to fully discharge its responsibilities during the preceding year;
- a summary of the organisation's progress in addressing the findings and recommendations made in internal and external audit reports;
- an overall assessment of the organisation's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the organisation; and
- details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

7.3 The committee may, at any time, report to the President any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the President.

8. Administrative Arrangements

8.1 Meetings

8.1.1 The committee will meet at least four times per year, with one meeting specifically scheduled to review the annual financial statements and external audit report.

8.1.2 The Chair is required to call a meeting if requested to do so by the President, or another committee member.

8.1.3 A forward meeting plan, including meeting dates and agenda items, will be agreed by the committee each year. The forward meeting plan will cover all of the committee's responsibilities as detailed in this charter.

8.2 Attendance at Meetings and Quorums

8.2.1 A quorum will consist of two (2) members including one (1) external member.

8.2.2 Meetings can be held in person, by telephone or by video conference;

8.2.3 The internal and external audit providers may be invited to attend relevant meetings. The committee may also request specific employees or volunteers to attend committee meetings or participate for certain agenda items.

8.2.4 The President may be invited to attend committee meetings to participate in specific discussions or provide strategic briefings to the committee.

8.3 Out of Session Decisions

8.3.1 Decisions of the Audit and Risk Committee are generally made during ordinary meetings of the Committee.

8.3.2 However, from time to time there will be matters for the Audit and Risk Committee which require action prior to the next ordinary meeting. Where necessary, the CFO or CEO will circulate by email an Audit and Risk Committee Paper in the usual format, together with a recommendation, and the drafted wording of the decision.

8.3.3 The paper will specify the date which a response is required to be received from Committee members, by email to the CEO. The date must be no less than three business days from when the notice is received by Committee members, and if a date is not specified, it will be taken to be one week (7 calendar days).

8.3.4 After the response date has passed, the CFO or CEO will count the responses and record For, Against, or Did Not Respond (DNR) in a table against each member's name. A DNR will be cast as a For vote.

8.3.5 At least half of the number of members of the Audit and Risk Committee must have responded For or Against in order for the vote to be valid, in line with the quorum requirements of meetings.

8.3.6 In the event of a tied vote the Chair will escalate the decision to the Territory Council.

8.3.7 Audit and Risk Committee Members who have planned absences are to inform the Chair prior to the absence and provide instruction as to availability in regards to active responses to out of session decisions, or provide instruction of a delegation of decisions during the absence. Delegation is only permitted where the Committee Member is not contactable during the absence.

8.3.8 The CEO will circulate the result of the resolution by email, including the table of votes. These details will also be included in the next Audit and Risk Committee Papers.

8.4 Secretariat

8.4.1 The Executive Officer provides the Secretariat for the committee. The Secretariat will:

- prepare and circulate the agenda and supporting papers for each meeting, after approval from the Chair, at least one week before the meeting;
- ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within two weeks of the meeting to each committee member and observers, as appropriate;
- Support the Chair in the preparation of committee reports to the President and the Council;
- Maintain records of when members' terms of appointment are due for renewal or termination;

8.5 Conflicts of Interest

8.5.1 Once a year committee members will provide written declarations to the President stating they do not have any conflicts of interest that would preclude them from being members of the committee.

8.5.2 Committee members must declare any real or perceived conflicts of interest at the start

of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

8.5.3 Where members or observers at committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from committee deliberations on the issue where a conflict of interest exists or could be perceived.

8.6 Induction of New Members

8.6.1 New members will receive an information pack from the Secretariat on their appointment and the Chair, or Secretariat, will provide a briefing to assist them meet their committee responsibilities.

8.7 Assessment Arrangements

8.7.1 The Chair, in consultation with the President, will initiate a review of the performance of the committee at least once every two years. The review will be conducted on a self-assessment basis with appropriate input sought from the President, the internal and external auditors, management and any other relevant stakeholders, as determined by the President.

8.8 Review of Charter

8.8.1 At least once a year the committee will review this charter. This review will include consultation with the President.

8.8.2 Any substantive changes to the charter will be recommended by the committee and formally approved by the President.