

**ROYAL AUSTRALIAN AIR FORCE VETERANS' RESIDENCES TRUST
AUDIT COMMITTEE
CHARTER**

1. The Trustees of the Royal Australian Air Force Veterans' Residences Trust (RAAFVRT) have established an Audit Committee ('the Committee') in compliance with section 45 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and section 17 of the PGPA Rule.

2. This Charter sets out the Committee's role and responsibilities, authority, composition and tenure, meeting requirements, and other processes and procedures as approved by the Trustees.

Role and responsibilities

3. The Committee's role is to assist the Trustees fulfill their corporate governance responsibilities in relation to the effectiveness of the Trust's:

- a. internal and external financial reporting;
- b. management of financial and other risks;
- c. internal and external control systems;
- d. compliance with applicable laws, regulations, standards and best practice guidelines;
- e. policies and practices;
- f. protection of Trust assets;
- g. communication between the Trustees and internal and external auditors.

4. To achieve this role, the Committee will:

- a. review whether Trust procedures are periodically reviewed and updated to account for lessons learned in the conduct of Trust business;
- b. determine, at least once per calendar year, if sampled Trust procedures are complied with;
- c. provide advice to the Trustees on their signing of the Annual Report, including the Compliance Certificate;
- d. review the effectiveness of the system for monitoring the Trust's compliance with relevant laws, regulations and associated government policies;
- e. review all audit reports and provide advice to the Trustees on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
- f. monitor implementation of audit recommendations;
- g. periodically review the performance of external audit; and

- h. act as a forum for communication between the Trustees and external auditors; and
- i. provide other oversight functions as directed by the Trustees.

In discharging these responsibilities, the Committee is to provide recommendations to the Trustees on improving the management of the Trust's business.

Authority

5. The Committee is responsible and accountable to the Trustees. The Committee has no executive powers or authority to make decisions with respect to the operation or management of the Trust. The Committee may review, report and make recommendations to the Trustees in relation to the responsibilities listed at paragraph three. The Trustees authorise the Committee within the scope of responsibilities to:

- a. perform activities within the scope of its Charter;
- b. require the attendance of, or written response to questions put to, any employee, Trustee, auditor or other party at Committee meetings as appropriate;
- c. have unrestricted access to Trustees, employees and external parties and relevant information (subject to confidentiality considerations);
- d. oversee the performance of the external auditor; and
- e. request necessary financial resources to be provided to enable the Committee to receive any necessary legal, accounting or other professional advice.

6. If the Audit Committee considers there would be value in performing tasks not covered by this Charter, prior approval is to be sought from the Trustees.

Composition and tenure

7. The Committee will be comprise at least three members, one of whom is an independent member. The Trustees will appoint a non-executive Trustee as Chair of the Committee. In the event that the Chair is temporarily unable to fulfil their obligations, the independent member will act as the Chair. All Committee members will be appointed for a two-year term after which they will be eligible for re-appointment after a formal review of their performance.¹

8. Collectively, the members are to have a broad range of competencies relevant to the Trust's operations. At least one member should have accounting or related financial management experience with an understanding of public sector accounting and auditing standards.

Meetings

9. The Committee will meet at least two times per year, or more frequently if circumstances dictate. Meetings can be held in person, by telephone or by video conference. The Chair is required to call additional meetings if asked to do so by the Trustees or another Committee member.

¹ The tenure of ADF Committee members may be shortened by the effect of posting action.

10. An annual work plan will be developed and agreed to by the Committee members prior to the start of each fiscal year. The work plan will cover the Committee's responsibilities as detailed in this Charter.

11. A quorum of any meeting will consist of any two Committee members. All members have full and equal voting rights on all matters considered by the Committee unless a member is unable to vote due to a conflict of interest. Resolutions shall pass on a simple majority vote.

12. Trustees may attend Committee meetings as observers. The Committee may invite, or require any persons, to attend meetings, to advise and provide information as it deems necessary.

13. The Chair of the Committee will arrange secretariat support to the Committee, and will approve all meeting agendas and Minutes. The Secretariat will circulate the agenda and supporting documentation for each meeting to members of the Audit Committee at least one week before the meeting. The draft Minutes will be circulated for comment to each member and Committee observers within two weeks of the meeting. The Chair of the Committee is to approve the minutes and provide them to the Trustees prior to the next Trustee meeting following the Audit Committee meeting.

Performance Assessment

14. The Chair of the Committee, in consultation with the Chair of Trustees, 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 (unless otherwise determined by the Trustees) with input sought from the Trustees, Trust employees, the internal and external auditors, and any other relevant stakeholders, as determined by the Trustees.

Conflict of interest

15. Members of the Committee must be fully aware of their responsibilities with regard to the management of interests in relation to the discharge of their duties as a member of the Committee. Management of interests includes the proper disclosure of any conflict of interest as and when they may arise.

16. Committee members are required to lodge a written declaration of interest form to the Trustees once per year stating they do not have any conflicts of interest that would preclude them from being a member of the Committee.

17. Committee members must also declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item. Details of any conflicts are to be recorded in the Minutes.

18. 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.

19. Failure to comply with these provisions may result in a member's Committee appointment being terminated.

Reporting

20. The Committee shall, after every meeting, circulate the Minutes of that meeting to

the subsequent Trustee meeting. Additionally, the Committee will report annually to the Trustees on its activities during each financial year. The report should include:

- a. a summary of the work the Committee performed to fully discharge its responsibilities;
- b. a summary of the Trust's progress in addressing the findings and recommendations made by Ministers and the Parliament;
- c. an assessment of the Trust's management of risk, effectiveness of Trust procedures and its compliance with Ministerial or legislative requirements, including details of any significant emerging risks or legislative changes impacting the Trust; and
- d. details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

21. The Committee may, at any time, report to the Trustees any other matter it deems of sufficient importance to do so.

Duties and Responsibilities of Members

22. Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act. Members are also expected to:

- a. contribute the time needed to study and understand the relevant issues;
- b. apply good analytical skills, objectivity and good judgment; and
- c. express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.

Review of Charter

23. At least once a year the Committee will review this Charter. This review will include consultation with the Trustees. Any substantive changes to the Charter will be recommended by the Committee and formally considered for approval by the Trustees.



DE Tindal
Chair of Trustees

29 June 2017