

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. With a PGPA Act driven shift to include a focus on non-financial performance reporting including Auditor-General mandatory annual audits of performance statements, the Committee's role is to assist the Trustees fulfill their corporate governance responsibilities in relation to reviewing the appropriateness of the Trust's:

a. Financial reporting:

Tasks:

- (i) review the entity's processes and systems for preparing financial information;
- (ii) review the processes in place to allow the entity to stay informed throughout the year of any changes or additional requirements in relation to financial reporting; and
- (iii) review the annual financial statements.

Deliverables:

A statement

- (iv) as to whether the annual financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance; and
- (v) in respect of the appropriateness of the Trust's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

b. Performance reporting:

Tasks:

- (i) review the entity's systems and procedures for assessing, monitoring and reporting on the achievement of the entity's performance; and
- (ii) review the annual performance statements and provide advice to the Trust on their appropriateness to the entity.

Deliverables:

- (iii) a statement of the Committee's view in relation to the appropriateness of the entity's

annual performance statements, and the performance reporting as a whole including compliance with the PGPA Act and Rule, referring to any specific areas of concern or suggestions for improvement.

c. System of risk and oversight management:

Tasks:

- (i) review whether management has a current and appropriate risk management framework and the necessary internal controls for the effective identification and management of the Trust's risks;
- (ii) satisfy itself that an appropriate approach has been followed in managing the Trust's key risks;
- (iii) review the process of developing and implementing the Trust's fraud control arrangements and satisfy itself that the Trust has adequate processes for detecting, capturing and effectively responding to fraud risks; and
- (iv) review whether management had adequately developed risk management capability and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to.

Deliverables:

- (v) a statement in relation to the appropriateness of the Trust's systems for risk oversight and risk management as a whole, with reference to the Trust's risk management framework and any specific areas of concern or suggestions for improvement.

d. System of internal control:

Tasks:

- (i) Internal control framework:
 - review management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing whether key policies and procedures are complied with; and
 - review whether management has in operation relevant policies and procedures (e.g. Delegations/authorisations, business continuity management plan)
- (ii) Legislative and policy compliance:
 - review the effectiveness of systems for monitoring the Trust's compliance with laws, regulations and associated government policies with which the Trust must comply; and
 - determine whether management has adequately considered legal and compliance risks as part of the Trust's risk management framework, fraud control framework and planning.
- (iii) security compliance

- review management’s approach to maintaining an effective internal security system and ICT security policy
- (iv) internal audit coverage:
- review the proposed internal audit coverage, ensuring it considers the Trust’s primary risks; and
 - review all internal audit reports, provide advice to the Trust on major concerns identified, recommend action on significant matters raised including identification and dissemination of good practice information.

Deliverables:

- (v) a statement in relation to the appropriateness of the Trust’s systems for internal control with reference to any specific areas of concern or suggestions for improvement.

Authority

4. 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.

5. 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

6. In accordance with Section 17 of the PGPA Rule 2014, the Committee must consist of at least three persons who have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions.

7. One person of the Committee is to be 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.

8. In the event that membership falls below three persons, Chair to discuss with the

Trust Chair any temporary measures required to ensure the Committee can perform its function effectively.

9. PGPA Rule states that the Trust's Chair must not be a member of the Committee and that the majority of members must not be employees.

10. 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

Meetings

11. 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.

12. 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.

13. 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.

14. 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.

15. 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

16. 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.

17. The review to consider how effectively the Committee has delivered advice to the Trust in respect to the four functions; the Committee's communication with the Trust, Management and External Auditors; the Committee's minutes, work plan, annual report and charter; what the Committee has done well; where the Committee can improve and the key areas of focus in the next two years.

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

18. The review should also consider the attributes of individual Committee members; whether the Committee has the necessary breadth of knowledge, skills and experience to effectively perform its responsibilities and any opportunities to improve the Committee's membership or skill set.

Conflict of interest

19. 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.

20. 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.

21. 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.

22. 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.

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

Reporting

24. 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.

25. 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

26. 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

27. 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

13 May 2021