

RAAF WELFARE RECREATIONAL COMPANY

ACN 008 499 303

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Trustee of the RAAF Central Welfare Trust Fund

### Audit Committee Charter

The Royal Australian Air Force Welfare Recreational Company (RWRC)Board has established the Audit Committee in accordance with Section 45 of the *Public Governance, Performance and Accountability Act (PGPA) 2013.*

This charter sets out the Audit Committee’s objectives, authority, responsibilities, composition and tenure, reporting and administrative arrangements as guided by PGPA Rule -section 17.

Objective

The objective of the AuditCommittee is to provide independent assurance and advice to the Board of Directors of theRWRCregarding its financial reporting, performance reporting, risk oversight and management and system of internal control and compliance framework responsibilities.

Authority

The Audit Committee has no executive power, supervisory functions or decision-making authority in relation to the operation of the RWRC.

The Board authorises the committee, within its responsibilities, to:

• obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);

• discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);

• request the attendance of a Director or an employee at committee meetings; and

• obtain legal or other professional advice, as considered necessary to meet its responsibilities. In this regard, any expenditure will require prior approval of the Board.

Composition and tenure

The Audit Committee shall consist of a minimum of three (3) members appointed by the Board and will be comprised of:

• Servicemember drawn from the Department of Defence. This person shall not necessarily be a member of the RWRC Board of Directors; and

• 2 other persons deemed suitable by the Board who are not officials of any Commonwealth entity.

The RWRCBoard shall determine the Chair of the Audit Committee. The RWRC Board may choose to expand the membership of the Audit Committee by the appointment of additional persons.

Should the Chair of the Audit Committee be absent from a meeting, the members of the Audit Committee present shall appoint an acting Chair for that meeting.

The Chair of the Board and other Directors may be invited to attend Audit Committee meetings. Advisers and other parties external to the RWRC may also be invited to attend committee meetings as the Chair of the Audit Committee considers appropriate but will not be deemed members of the committee.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the RWRC. At least one member of the Audit Committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

Members of the Audit Committee shall be appointed for a period to be determined by the Board.

Responsibilities

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| Financial statements and reporting |
| • satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of key internal controls; • review the financial statements and their compliance with relevant accounting standards (including whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements) and recommend their signing by the Board; and•review the processes in place designed to ensure that financial information included in the RWRC’s annual report is consistent with the signed financial statements. |
| Performance reporting |
| • satisfy itself that the RWRChas appropriate performance reporting framework that meets government policy objectives andrequirements(relevant, reliable and complete); and • satisfy itself that the RWRCannual performance statement accurately reflects performance based on estimates provided in the RWRC Corporate Plan (as Trustee of the RAAF Central Welfare Trust Fund). |
| System of risk oversight and management |
| • review whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the RWRC’s business and financial risks, including fraud;• determine whether a sound and effective approach has been followed in managing the RWRC’s major risks; • determine whether a sound and effective approach has been followed in establishing the RWRC’s business continuity planning arrangements, • review the process of developing and implementing the RWRC’s fraud control arrangements and satisfy itself the RWRC has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information |
| System of Internal control |
| • review whether management’s approach to maintaining an effective internal control framework, is sound and effective;• review whether management has in place relevant policies and procedures, includingconforming with Accountable Authority Instructions or their equivalent, and that these are periodically reviewed and updated;• determine whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with;• review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations; • •  |
| Internal audit |
| • act as a forum for communication between the Board, senior management and external audit;• review the proposed internal audit coverage and ensure the coverage is aligned with the RWRC’s key risks.• advise the Board outcomes on completion of the approved internal audit work plan;• review all audit reports and provide advice to the Board on significant issues identified in audit reports and action to be 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; |
| External audit |
| • act as a conduit for communication between the Board, senior management and external audit;• provide input and feedback on financial statement and performance audit coverage proposed by external audit, and provide feedback on the audit services provided;• review all external audit plans and reports in respect of planned or completed audits and monitor management’s response and implementation of audit recommendations; and• provide advice to the Board on action to be taken on significant issues raised in relevant external audit reports or better practice guides. |
| Other responsibilities |
| • review the effectiveness of the system for monitoring the RWRC’s compliance with those laws, regulations and associated government policies that the RWRC must comply with;• determine whether management has appropriately considered legal and compliance risks as part of the RWRC’s risk management plan. |

Responsibilities of committee members

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

• act in the interests of the entity;

• apply good analytical skills, objectivity and good judgment; and

• express opinions constructively and openly raise issues that relate to the committee’s responsibilities and pursue independent lines of enquiry.

Reporting

The committee willreport to the Board on its operation and activities during the year. The report should include:

• a summary of the work the committee performed to discharge its responsibilities during the preceding year;

• a summary of progress in addressing the findings and recommendations made in internal and external audit reports;

• an overall assessment of the RWRC’s risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the RWRC; and

• details of meetings, including the number and type of meetings held during the relevant period, and the number of meetings each member attended.

The committee may, at any time, report to the Board 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 Chair of the Board.

Administrative arrangements

Meetings

The committee is expected to meet no less thantwice annually but may meet more frequently as determined by the Chair of the Committee. Meetings may be held via telephone or through email communications. A special meeting may be held to review RWRC’s annual financial statements.

The Chair is required to call a meeting if asked to do so by the Chair of the Board, and decide if a meeting is required if requested by another member.

Planning

The committee is encouraged to develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, that cover all the responsibilities outlined in this charter.

Attendance at meetings and quorums

The quorum for meetings of the committee is two persons or if the majority of the committee is greater than two persons, then that number of persons.

Conflicts of interest

Members of the Audit Committee are to declare to the Chair any potential or actual conflicts of interest they may have in relation to their responsibilities. Additionally, at the beginning of each Audit Committee meeting, members are required to declare any potential or actual conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the committee’s consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately recorded in the minutes.

Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

Assessment arrangements

The Chair of the Audit Committee, in consultation with the Chair of the Board, 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 Board) with appropriate input sought from Board members, committee members, senior management, the internal and external auditors, and any other relevant stakeholders, as determined by the Chair of the Board.

The Chair will provide advice to the Board on a member’s performance where an extension of the member’s tenure is being considered.

Review of charter

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

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

 ANNEX A

**RWRC Audit Committee**

**Internal Audit Work Plan**

Whilst not limiting the scope of assessments, the Audit Committee should include the following in their assessments:

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| Audit Item | Required Frequency of Check | Date Confirmed |
| **BOOKS OF ORIGINAL ENTRY** - do the books of original entry balance, is there sufficient evidence to validate that the books reflect true financial record, particularly liquid assets, such as bank statements and certificates for investments.  | At each AC meeting |  |
| **BUDGET AGAINST PERFORMANCE** – is the Company operating within budget, and if not has the Board been advised accordingly. | At each AC meeting |  |
| **COMPANY PERFORMANCE** - have appropriate reports (eg occupancy statistics) been received by the Board and are the reports supported by the necessary documentation. Is financial and non-financial reporting data sufficient for the Board and being presented as required? | At each AC meeting |  |
| **BUSINESS OPERATIONS** - has the Company sufficient controls within its operating procedures, egauthorised signatures for bank transactions and is banking conducted on a regular basis  | Twice yearly |  |
| **FIXED ASSETS/ FURNITURE AND FITTING ASSETS** - has the Company maintained appropriate records, including a property register with details of property held. | Annually |  |
| **INSURANCE** - does the Company have the appropriate insurance coverage for all entities, including directors insurance  | Annually |  |
| **INVOICES** – are they correctly paid and are they for appropriate transactions  | At each AC meeting |  |
| **RECONCILIATION OF OCCUPANCY WITH RENTAL RECEIPTS** – do rental receipts match level of occupancy | Twice yearly |  |
| **MINUTES OF MEETINGS** – are they prepared and certified appropriately | Twice yearly |  |
| **INVESTMENTS** – are re-investments properly managed and authorised |  Twice yearly |  |
| **LOAN REPAYMENTS** – received in accordance with agreements | Twice yearly |  |
| **ACCOUNTING STANDARDS** – compliance as appropriate (particularly in reference to the Annual Report and ensuring financial data reflected in the financial statements reflects the content of the Annual Report) | Annually |  |
| **LEGAL REQUIREMENTS** – compliance and reporting is acceptable | Annually |  |
| **FINANCIAL STATEMENTS** – positive equity and profit – recommendation on Board acceptance (see also accounting standards) | At each AC meeting |  |
| **RISK MANAGEMENT FRAMEWORK -** effective identification and management of the entity’s business and financial risks, including fraud; and approve the Risk Management Framework | Annually |  |
| **INTERNAL CONTROL** - Delegations - whether management has appropriate processes in place to assess, at least once a year, whether key policies and procedures are complied with | Annually |  |

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