

Australian Military Forces Relief Trust Fund

Audit Committee Charter

Introduction

1. The AMFRTF Board of Trustees (Board) has established the Audit Committee (Committee in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 *Audit Committee for Commonwealth Entities*.
2. This charter sets out the Committee's role, authority, objectives, composition, meeting arrangements, responsibilities and reporting arrangements.

Role of the Committee

3. The Committee of the AMFRTF has been established by the Board to give additional assurance in discharging its responsibilities under the *Services Trust Fund Act 1947* and the *Public Governance, Performance and Accountability Act 2013* in respect of financial reporting, performance reporting, internal control and compliance with relevant laws and policies.
4. The committee is not responsible for the executive management of these functions. The committee will engage with management in a constructive and professional manner in discharging its responsibilities and formulating its advice to the Board.

Authority

5. The Committee has no executive power, supervisory functions or decision-making authority in relation to the operation of the AMFRTF.
6. The Board authorises the Committee, within the scope of its role and responsibilities, to:
 - Obtain any information it requires from any official and/or external party (subject to any legal obligation to protect information);
 - Discuss any matters with the Independent Auditor, or other external parties (subject to confidentiality);
 - Request the attendance of an official, including members of the Board, at Committee meetings where appropriate; and
 - Obtain external legal or other professional advice, as considered necessary, to meet its responsibilities.

Objectives

7. To fulfil its role, the Committee will:
 - a. provide enhanced confidence in the credibility and objectivity of financial information released to the regulators and members;
 - b. augment Board members' knowledge and understanding of financial information relating to the AMFRTF;
 - c. provide an insight to the members of the Board in respect to the accounting and control systems that exist within the AMFRTF and management action to maintain and improve them;
 - d. assist the management team of the AMFRTF by providing a forum in which to raise issues of concern relating to finance and audit matters;
 - e. increase Board members' understanding of the nature and scope of the statutory audit and where applicable, internal audit;
 - f. strengthen the position of the internal audit function, by providing a greater degree of independence from management; and
 - g. facilitate improved communication between the external auditor and the Board.

Membership of the Committee

8. The Committee shall consist of a minimum of three (3) Members appointed by the Board. The Secretary of the Fund shall also attend the meetings for the purpose of taking minutes and assisting with the smooth running of meetings. The Secretary will

- Ensure an agenda and supporting documentation is circulated.
- Ensure minutes are reviewed by the Chair and circulated within two weeks of the meeting to all attendees.

9. The Board shall determine the Chairman of the Committee who shall not be the Chair of the Board of Trustees.

10. The committee is authorised to appoint a Deputy Chair who will act as chair in the absence of the Chair.

11. The Chairman of the Board and other Trustees may be invited to attend Committee meetings. Advisers and other parties external to the AMFRTF may also be invited to attend Committee meetings, as the Chairman of the Committee considers appropriate.

12. Membership of the committee will be reviewed periodically (but at least every three years) by the Board with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.
13. A **quorum** of the meeting will consist of two members of the Committee.
14. Members of the Committee shall be appointed for a period to be determined by the Board.
15. An independent member may be appointed to assist the Committee especially when there is a requirement for specialised skills. An independent member is a member who is not a member of Management or a full time employee and who:
 - a. is not currently serving in the Australian Army and has no material contractual relationship with the AMFRTF,
 - b. is free of any interest and any business or other relationship, which could, reasonably be perceived to, materially interfere with the member's ability to act in the best interest of the AMFRTF; and
 - c. has not served on the Board in a capacity which could, or could reasonably be perceived to, materially interfere with the member's ability to act in the best interest of the AMFRTF.

Meetings

16. The Committee is expected to meet no less than quarterly each year but may meet more frequently as determined by the Chairman of the Committee. Meetings should normally be conducted prior to Board Meetings.
17. The content of the meetings shall be determined with regard to the financial reporting and audit cycle of the AMFRTF. The Secretary shall, in conjunction with the Chairman, draw up an agenda which will be circulated to the members of the Committee at least five business days prior to each meeting.
18. The Secretary is responsible for the minutes of the meetings. The minutes shall be approved by the Chairman of the Committee, as required, and circulated to all members of the Committee for their concurrence.
19. The Chairman of the Committee will call a meeting of the Committee if so requested by any Committee member, the Chairman of the Board or the external auditors.
20. Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting, if a written (or e-mailed) consent thereto is signed by all the members of the Committee, provided that such consent shall be filed with the minutes of the proceedings of the Committee.

21. The AMFRTF Constitution shall govern the regulation of the meetings and proceedings of the Committee, so far as the Constitution may be applicable.

Responsibilities

22. The Committee shall consider any matters relating to the financial affairs of the AMFRTF, compliance with regulation, and issues relating to internal and external audit. In addition, the Committee shall examine any other matters referred to it by the Board.

23. Financial Reporting:

- reviewing financial statements and provide advice to the Board; including recommending their signing by the Chair of the Board or Trustees. In particular, the committee will:
 - i. asses the AMFRTF's compliance with accounting standards, including an assessment of the appropriateness of accounting policies and disclosures;
 - ii. assess areas of significant judgement and financial statement balances that require estimation;
 - iii. assess any significant changes to accounting policies and practices;
 - iv. review significant or unusual transactions;
 - v. assess whether appropriate management action has been taken in response to any issues raised by the ANAO (or audit contactor), including financial statement adjustments or revised disclosures.
- review the processes in place designed to ensure that financial information included in the AMFRTF'S Annual Report is consistent with the signed financial statements;
- monitor the standard of financial information provided to the AMFRTF;
- Discuss with ANAO the auditor's judgements about the adequacy of accounting policies and the quality of the AMFRTF's processes for the preparation of the financial statements.

24. Performance Reporting:

- Consider any issues relating to the AMFRTF's performance that the committee considers warrant review; or are referred to the committee by the Board.
- Monitor the standard of non-financial performance information provided to the Board;

- Review the proposed reporting of the AMFRTF performance to ensure that the information is consistent with the AMFRTF reported financial information.

25. Risk oversight and management

- a. assess whether management has in place a current and sound risk management framework and associated procedures for effective identification and management of the entity's business and financial risks, including fraud; and approve the Risk Management Framework.
- b. determine whether a sound and effective approach has been followed in managing the entity's major risks.
- c. monitor the adequacy of insurance cover.
- d. review of Board of Trustees remuneration arrangements if applicable.

26. System of internal control

- **Delegations.** The committee may assess whether management has appropriate processes in place to assess, at least once a year, whether key policies and procedures are complied with.
- **Ethical and lawful behaviour.** The committee may assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.
- **Internal audit. The committee may**
 - i. Review and approve the Internal Audit charter.
 - ii. Review the internal audit coverage, ensure the coverage is aligned with the AMFRTF key risks and approve the internal audit plan.
 - iii. Review all audit reports and provide advice to the Board on significant issues identified in audit reports and recommend action on issues raised, including the identification and dissemination of good practice.
- **Legislative and policy compliance.** The committee may assess the entity's compliance with reporting requirements under regulations, policy and legislation it must comply with.

Committee reporting

27. The committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate.

28. The Chair of the Committee will report to the Board at the next Board meeting following a meeting of the committee on any matter that the committee considers should be brought to the attention of the Board.

29. The committee will at least once annually confirm to the Board that all functions/responsibilities outlined in this charter have been carried out, and comply with any other reporting requirements specified by the Board from time to time.

Conflicts of interest

30. Once each year, members of the committee will provide written declaration to the Board of Trustees declaring any material personal interests that they may have in relation to their responsibilities.

31. At the beginning of each committee meeting, members are required to declare and material personal interests that may apply to specific matters on the agenda. Any such declaration will be recorded in the minutes.

Accepted and agreed by AMFRTF Board of Trustees

Last updated 17 December 2020