



R S L N S W

Respecting, supporting and remembering
our veterans and their families

Audit & Risk Committee Charter

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DOCUMENT AUTHOR	Nick Mowat
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1. GENERAL PURPOSE OF THE COMMITTEE

The Audit and Risk Committee (*Committee*) of the Board of RSL NSW (*Board*) has been established in accordance with the RSL NSW Constitution (*Constitution*).

The Committee is responsible to the Board of RSL NSW for leadership, strategy and assurance in relation to:

- a) the external reporting and audit of the financial information of RSL NSW head office, or ANZAC House (*RSL NSW*);
- b) the internal control environment of RSL NSW, including the internal audit function, if any;
- c) RSL NSW's risk management approach including risk appetite, the risk management framework, risk reviews, and the policies and controls for risk management, including the effectiveness of, and compliance with, the Board's risk appetite and those policies and controls;
- d) RSL NSW's insurance program (risk transfer);
- e) the conduct of any legal proceedings;
- f) investment management and performance;
- g) RSL NSW's WHS obligations and promoting a culture of safety; and
- h) promoting a culture of compliance by RSL NSW and its staff.

(*Committee's Purpose*).

2. POWERS OF THE COMMITTEE

The Board delegates to the Committee the powers and authority set out in this Audit and Risk Committee Charter (*Charter*). The Board may make other delegations to the Committee from time to time. This delegation does not relieve the Board of its responsibilities for these matters.

The Committee must exercise the powers delegated to it in accordance with any directions, strategies, objectives or policies of the Board. Recommendations of the Committee shall not be binding on the RSL NSW unless the recommendations are approved by the Board.

The Committee, in performing its functions, may:

- a) request any employee of the RSL NSW to attend a meeting of the Committee;
- b) to the extent permitted by law, access any document, report, material or information in the possession of an employee or external adviser of RSL NSW;
- c) have unlimited access to both the internal and external auditors and to senior management of RSL NSW;
- d) Through the CEO, obtain reasonable independent professional advice to assist it in the proper exercise of its powers and responsibilities, with the cost to be borne by RSL NSW;
- e) sub-delegate to such persons (or categories of persons) as the Committee determines from time to time, the authority to execute, implement and/or finalise any matter that has been approved by the Committee pursuant to this Charter, on terms and conditions substantially in accordance with the Committee's approval; and
- f) meet any reasonable travel, accommodation or out of pocket expenses incurred by Committee members in attending Committee meetings in accordance with any relevant travel policy.

Further, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Risk & Insurance Manager, or persons in similar roles, will have direct access to the Committee as needed.

This Charter supersedes the Finance, Audit and Risk Committee Charter approved by the Board on 19 October 2017.

3. COMPOSITION AND MEETINGS

3.1 Membership and attendance at meetings

- a) The Committee comprises up to six members including:
 - the RSL NSW President, who is an ex-officio member,
 - at least three additional RSL NSW Board members; and
 - up to a maximum of two suitably qualified independent members appointed by the Committee;
- b) The Chair of the Committee is elected by the members of the Committee annually at the Committee's first meeting held after the AGM of RSL NSW. Any member of the Committee may be elected as the Chair.
- c) The Secretary of the Committee is the Company Secretary, or another person nominated by the Chair of the Committee.
- d) The Board appoints and may remove any member from the Committee at any time with or without cause, including the Chair of the Committee. If the Chair is removed by the Board, the Committee will elect another member at the next following Committee meeting.
- e) The Committee may invite other people to attend Committee meetings, as it considers necessary, and from time to time request presentations from internal and external advisers at its meetings.
- f) The CEO, the CFO and the Company Secretary may attend all meetings of the Committee, other than those meetings or parts of Committee meetings which are deemed to be closed to management.
- g) Representatives of the external auditor and the internal auditor may attend all meetings.
- h) The Chair, or the Secretary at the request of the Chair, may invite any of the following to attend a meeting of the Committee:
 - i. any other employee or officer of RSL NSW; and
 - ii. a party external to RSL NSW.

3.2 Quorum

At least fifty percent plus one of the members of the Committee, present in person or by using any technology, will constitute a quorum. The quorum must be present at all times during the meeting.

3.3 Committee Papers

Unless directed by the Chair, the Committee Secretary will distribute in advance of a meeting of the Committee an agenda and any related papers to:

- a) each member of the Committee;
- b) the CEO, CFO, the Risk and Insurance Manager, the Internal Audit Manager (if any) and other members of the management team;
- c) the external auditors; and
- d) if requested, to any Board Director.

3.4 Committee minutes

- a) The Committee Secretary will prepare minutes of meetings and have them approved by the Committee Chair.
- b) Minutes of meetings shall be submitted to the next meeting of the Committee.
- c) Minutes signed by the Committee Chair shall be conclusive evidence of the matters recorded in such minutes.

3.5 Meetings

- a) the Committee will meet at least 4 times a year, or more frequently as circumstances dictate.

- b) Meetings may be face-to-face, or via telephone or video conference as considered appropriate by the Committee Chair.
- c) Meetings may be held in person, by telephone or by video conference, or by any combination of these media.
- d) The Secretary takes the minutes of the proceedings of all Committee meetings.
- e) A member of the Committee may request that a meeting of the Committee be convened.
- f) The Committee Chair should consider calling an unscheduled meeting if requested to do so by a Committee member, the CEO, CFO, the Risk and Insurance Manager or the internal or external auditors or persons in similar roles.

4. COMMITTEE RESPONSIBILITIES

If any Committee member has a material personal interest in or an interest by way of a personal or other relationship to any matter being considered by the Committee, then that Committee member must give the Committee and the Company Secretary notice of that interest as soon as that member becomes aware of the interest. Such a notice must give details of the nature and extent of the interest and the relation of the interest to the affairs of RSL NSW.

The scope of the Committee's responsibilities is as follows:

1. ***Finance and External Reporting***

- a) The Committee has authority to consider and recommend action to the Board regarding:
 - i. the annual statutory financial reports of RSL NSW, directors' report and any other accompanying reports;
 - ii. management representations, including the declarations made by the CEO and CFO and key management personnel in relation to the financial reports;
 - iii. the appropriateness of disclosures in the reports, particularly in relation to matters of estimates and judgment;
 - iv. compliance with accounting standards and other reporting requirements;
 - v. changes to accounting policies and treatments having an impact on external reporting;
 - vi. any significant accounting and reporting issues, including changes to accounting standards and regulatory requirements and their impact on the financial reports of RSL NSW;
 - vii. whether external reporting is consistent with Committee members' information and knowledge and is adequate for the needs of RSL NSW's stakeholders;
 - viii. the accounting treatment and disclosure of any significant or unusual transactions;
 - ix. transaction or financial issues that management or the Board requests the Committee to review;
 - x. the financial delegations, including amendments from time to time;
 - xi. the operational and capital budgets as recommended by Management;
 - xii. the investment guidelines and monitoring the financial performance of funds invested by the organisation;
 - xiii. investment/divestment strategies (including financial implication of business cases and material commercial contracts);
 - xiv. investment performance;
 - xv. property and procurement strategies;
 - xvi. the taxation obligations;
 - xvii. the performance of material contracts (i.e. those that are outside the terms of the Delegations approved by the Board from time to time);
 - xviii. the management processes supporting external reporting;

- xix. compliance related documents (including, for example, the Annual Report to the Minister);
- xx. any other matters which the Committee considers relevant.

2. Internal Control and Risk Management

- a) The Committee has authority to consider and recommend action to the Board regarding:
 - i. the implementation and review of risk management and related internal compliance and control systems;
 - ii. the risk appetite that should be adopted by RSL NSW;
 - iii. the risk management policies to identify, assess, monitor and manage business risks;
 - iv. the policies to manage insurable risks;
 - v. any actions to mitigate any critical and/or non-tolerable risk exposures and any associated incidents to an acceptable tolerable level or eliminate them entirely;
 - vi. the internal controls framework, including delegations;
 - vii. the whistle blowing policy and fraud & corruption policy;
 - viii. the insurance portfolio (including approval of the general insurance program and recommendations to the Board for Directors' & Officers'/Associations Liability insurance);
 - ix. the adequacy of RSL NSW's insurance coverage and any self-insurance and recommend to the Board for approval any changes to such arrangements;
 - x. the policies to identify, assess, manage and review the safety of staff, visitors, customers and others in the workplace;
 - xi. compliance with the policies developed in accordance with 2(a)(vi) and their effectiveness in achieving safe outcomes;
 - xii. the policies to identify, assess, manage and review RSL NSW's data governance and cybersecurity;
 - xiii. the adequacy of staff and director training on the business continuity plans and crisis management plans for RSL NSW and approve any actions to correct any noted deficiencies; and
 - xiv. the business continuity and crisis management approach (including plans) for RSL NSW.
- b) The Committee must:
 - i. monitor RSL NSW's quarterly risk reviews and compliance with the risk appetite, risk framework and risk management policies approved under Section 2(a)(i)-(iv) above. The Committee will report those risk reviews to the Board; and
 - ii. monitor compliance with the policies developed in accordance with 2(a)(viii) and their effectiveness in achieving an appropriate level of data governance and cybersecurity.

3. External Audit

- a) The Committee has authority to consider and recommend action to the Board for approval regarding:
 - i. the overall scope and terms of the external audit, including the audit engagement fee;
 - ii. any changes to the external auditor's terms of engagement;
 - iii. the relationship with external auditors, including the appointment, performance, rotation and, if necessary, the removal of the external auditor;
 - iv. audit and non-audit services provided by the external auditor (provided that the external auditor must not be appointed to undertake any non-audit assurance services that may impair the external auditor's judgement or independence);
 - v. the performance and independence of the external auditors, including whether the auditor's independence has been impacted by their provision of any non-audit services;
 - vi. the form of the proposed opinion to be issued by the external auditor;

- vii. significant audit adjustments and unadjusted audit differences;
- viii. the content and release to the members and the public of any significant financial reports and statements recommended by management, other than the reports referred to in the ***Finance and External Reporting*** section above;
- ix. the hiring of employees or former employees of the external auditor; and
- x. other key areas relating to the external audit of RSL NSW.

b) The Committee must:

- i. assess the quality and effectiveness of the external audit conducted;
- ii. monitor and consider the independence of the external auditor (including review the rotation of audit partners of the external auditor);
- iii. review reports from the external auditor, assess the findings and recommendations, and consider whether management has responded appropriately to those findings and recommendations; and
- iv. discuss with the external auditor matters relating to the conduct of the audit, including any difficulties encountered, any restrictions on scope of activities or access to information, significant disagreements with management and the adequacy of management responses.

4. Internal Audit

a) The Committee has authority to consider and recommend action to the Board regarding:

- i. an internal audit charter;
- ii. any internal audit plan(s), including any overview of the broader assurance activities for RSL NSW;
- iii. the appointment and removal of the internal auditor, if any;
- iv. the policies for the receipt and treatment of any confidential and/or anonymous information relating to questionable accounting or auditing practices or matters relating to non-compliant conduct or fraudulent behaviour;
- v. any actions to correct any noted deficiencies as a result of any of the reviews referred to in Section 4(c) below; and
- vi. other key areas relating to the internal auditing of RSL NSW.

b) The Committee has authority to:

- i. receive and consider communications from the Internal Auditor on the performance of the internal audit function, including with respect to the Internal Audit Plan;
- ii. make enquiries of management and the Internal Auditor to determine whether the scope and resources of the internal audit function are appropriate; and
- iii. meet periodically with the Internal Auditor without management present.

c) The Committee must:

- i. monitor the performance and independence of any internal auditors;
- ii. review whether there are any impediments to the independence, objectivity and effectiveness of the internal auditor;
- iii. review the results of internal audits and the adequacy of management's responses to the internal controls systems (including accounting, financial and operational controls) that are in place to minimise or eliminate material risks;
- iv. review the results of internal audits or investigations of, and the adequacy of management's responses to, areas of non-compliant conduct or fraudulent behaviour; and
- v. monitor the implementation of any actions approved under Section 4(a)(v) above.

5. Workplace health and safety

- a) The Committee has authority to consider and recommend action to the Board regarding:
 - i. key risks to the business in the areas of workplace health and safety issues;
 - ii. RSL NSW's compliance with relevant laws, regulations and operational policies and standards;
 - iii. the culture that management is promoting within ANZAC House to promote compliance with and responsibility for WHS;
 - iv. the establishment and tracking of measurable workplace health, safety objectives and targets; and
 - v. the potential for RSL NSW liability arising from any WHS issues.
- b) The Committee must:
 - i. consider reports submitted by management on WHS performance and issues;
 - ii. consider reports submitted by management in relation to any WHS audit program and any results; and
 - iii. require management to provide any other additional information the Committee believes it should receive to enable it to fulfil its functions.

6. Investment Management

RSL NSW has developed and implemented an Investment Plan (the Plan).

- a) The Committee has delegated authority to monitor the Plan. In doing so, the Committee must:
 - i. determine whether the strategic asset allocations targets set out in the Plan remain appropriate and, if not, to approve changes, as recommended by management;
 - ii. approve the appointment of external investment managers, or in-house management arrangements, as recommended by management;
 - iii. monitor investment performance of the portfolio against the Plan;
 - iv. assess the risk profile of the Plan;
 - v. consider the target return rates of the portfolio over the time horizons of the pool of assets;
 - vi. consider the operational budget (including the liquidity needs of the organisation) and growth needed to fulfil the organisation's purpose;
 - vii. ensure acceptable retention of operating reserves for charitable funds; and
 - viii. ensure an ethical and social framework is implemented and followed.
- b) Reporting to the Committee by management will be in accordance with the requirements set out in the Plan.

7. Referral from CEO

- a) To the extent that a matter is within the delegated authority of the Committee under this Charter to approve and also within the CEO's delegated authority from the Board to approve, the CEO is not precluded from approving that matter.
- a) However, the CEO may refer to the Committee any matter relevant to the Committee's Purpose, whether or not that matter is:
 - i. within the CEO's delegated authority from the Board (for example, where the CEO considers the matter should be referred to, or discussed with, the Committee); or
 - ii. outside of the CEO's delegated authority from the Board, (each a *Referred Matter*).

- b) In relation to any Referred Matter, the Committee has authority to:
 - i. approve that Referred Matter if the matter is within the scope of the Committee's approval powers under this Charter;
 - ii. consider and make recommendations to the CEO for approval by the CEO if the Referred Matter is within the CEO's delegated authority; or
 - iii. otherwise, make recommendations to the Board for approval.

8. Other Matters

- a) The Committee has authority to consider and approve any other matters relating to the *Committee's Purpose* as set out in Section 1 above, provided that this would not authorise the Committee to:
 - i. approve any matter which the Committee only has the authority to recommend to the Board as set out in Sections 4.1 – 4.6 above;
 - ii. approve any expenditure except:
 - A. under Section 4.3(a)(i) above; or
 - B. where the Committee otherwise considers it necessary or appropriate to do so in order to discharge its functions satisfactorily,

and, in relation to any expenditure that is not within the Board-approved budget, the Committee has authority to approve an adjustment to that budget and related targets equal to the amount of that expenditure;

 - iii. take any action or approve any matter that is not consistent with RSL NSW's risk profile and risk appetite; or
 - iv. take any other action that the Board has expressly reserved to itself from time to time.

5. COMMITTEE REVIEW

- a) The Committee will review its performance periodically, including to consider whether it is performing effectively and has met the terms of this Charter, and will report the outcome of the review to the Board.
- b) The Committee will review this Charter at least every two years to ensure it remains current to the needs and structure of RSL NSW and recommend amendments to the Board for approval. This Charter may only be amended by a resolution of the Board.

6. REPORTING AND ACCOUNTABILITY TO THE BOARD

The Committee is accountable to the Board for the exercise of the Committee's responsibilities and delegated authority under this Charter. The Committee will:

- a) submit copies of its minutes to the Board for noting;
- b) report to the Board on the exercise by the Committee of its authority;
- c) through the Committee Chair, provide updates and make recommendations to the Board on matters that are within the scope of this Charter; and
- d) through the Committee Chair, promptly bring to the attention of the Board any matters before the Committee that may materially impact the financial condition, risk profile or affairs of RSL NSW, or any material non-compliance with applicable laws.

However:

- a) The delegation of authority under this Charter does not preclude the Board from exercising power or authority in relation to a matter that is within the Committee's delegated authority, if the Board so decides.
- b) In addition, the Committee may at any time, through the Committee Chair, refer any matter that is before the Committee to the Board for consideration (even if that matter falls within the Committee's authority under this Charter to approve).