



Anglican Church of Australia

Anglican Long Service Leave Fund

AUDIT & RISK COMMITTEE TERMS OF REFERENCE

As approved by the Long Service Leave Board on 8 October 2019 (LSLFBM2019/05/10)

1. PREAMBLE

- The Audit & Risk Committee is a committee appointed by and reports to the Long Service Leave Board.
- The Audit & Risk Committee's role is to review, monitor and, where necessary, recommend improvements in the following areas:
 - i. Compliance with legal requirements and internal policy relating to financial disclosure
 - ii. The adequacy of internal controls and risk management procedures
 - iii. The scope and performance of the External Auditor
 - iv. Financial reporting to the Long Service Leave Board as well as users of financial information
 - v. Other matters delegated by the Long Service Leave Board from time to time.
- The Fund Administrator will provide secretarial support to the Audit & Risk Committee.
- The Asset Consultant will provide a Risk Management Plan for consider of the Audit & Risk Committee.
- It is acknowledged that the existence of an Audit & Risk Committee cannot eliminate the risk of fraud, defalcation or theft.

2. CHARTER

- The members of the Audit & Risk Committee shall be familiar with this Charter and undertake the roles and responsibilities specified herein.
- The Audit & Risk Committee may make recommendations to the Long Service Leave Board from time to time about changes to this Charter to better enable the Audit & Risk Committee to fulfil its overall purposes.

3. ORGANISATION

Membership

- The Audit & Risk Committee will comprise no fewer than 3, and up to 5 members, all of whom will be non-executive members.
- The Audit & Risk Committee will appoint its own Chair.
- The Long Service Leave Board will be responsible for the selection and appointment of Audit & Risk Committee members.
- A quorum for any meeting will be 50% of members.
- The tenure of members will be determined from time to time by the Long Service Leave Board.

Attendance at Meetings

- The Audit & Risk Committee may invite such other persons to its meetings, as it deems necessary.
- The Fund Administrator, the External Auditor and Fund consultants will be invited to make presentations to the Audit & Risk Committee as necessary.
- Meetings shall be held not less than 2 times a year. Special meetings may be convened as required. The Chair of the Committee or the External Auditor may request a meeting if they consider that it is necessary.
- The Fund Administrator shall ensure that an agenda is circulated at least 7 working days prior to the meeting together with any supporting papers.
- The Fund Administrator will ensure that a record of meetings is maintained and, after approval of the Chair of the Committee, is circulated to Audit & Risk Committee members.

4. ROLES AND RESPONSIBILITIES

The Audit & Risk Committee will:

Internal Control

- Evaluate whether management is providing the appropriate environment by communicating the importance of internal control, and management of risk, including fraud risk, and ensuring that all employees have an understanding of their roles and responsibilities. This includes the evaluation of controls over the engagement and conduct of external parties including contractors, advisers and outsourcing arrangements.
- Consider how management assesses the adequacy of internal control processes and systems and plans for business continuity, and actively participate in the assessment process from an independent perspective.
- Follow-up whether internal control recommendations made by the Audit & Risk Committee and the External Auditor have been implemented by management.

Risk Management

- Engage with the Risk Management Plan, in consultation with the Asset Consultant.
- Satisfy itself, in consultation with the External Auditor, that management is effectively managing key financial and business risks.

Financial Reporting

General

- Report to the Long Service Leave Board and the External Auditor any fraud, illegal acts, or other similar issues.
- Consider referring to the Long Service Leave Board and the External Auditor any deficiencies in internal control or other similar issues.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review any legal matters that could significantly impact the financial statements.

Annual Financial Statements

- Review the annual financial statements and annual report and determine whether they are complete and consistent with the information known to Audit & Risk Committee members; assess whether the financial statements reflect appropriate accounting principles, and the disclosure of appropriate financial performance measures.
- Pay particular attention to complex and/or unusual transactions and focus on key risk areas and matters of disclosure.

- Meet with management and the External Auditor to review the financial statements and the results of the audit.
- Review and consider the management representation letter from the Fund Administrator to the External Auditor.

External Audit

- Review the External Auditor's proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
- Review the performance of the External Auditor in its dealings with the Fund.
- Review policies for the provision of non-audit services by the External Auditor.
- Make recommendations to Long Service Leave Board regarding the appointment and reappointment of the External Auditor.
- Meet separately with the External Auditor to discuss any matters that the Audit & Risk Committee or auditors believe should be discussed privately.
- Ensure that significant findings and recommendations made by the External Auditor are received and discussed on a timely basis.
- Ensure that management responds appropriately to recommendations made by the External Auditor.

Compliance with Legislation and Regulations

- Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements and annual report.

Reporting Responsibilities

- The Chair of the Committee or nominee will regularly report to the Long Service Leave Board on Audit & Risk Committee activities and make appropriate recommendations. Copies of Audit & Risk Committee minutes will be made available to the Long Service Leave Board members as requested.