

The Australian British Chamber of Commerce (**ABCC**)

## Risk and Audit Committee Charter

## Contents

<b>1</b>	<b>The Charter</b>	<b>1</b>
<b>2</b>	<b>Authority and independence</b>	<b>1</b>
<b>3</b>	<b>Role</b>	<b>1</b>
<b>4</b>	<b>Duties and responsibilities</b>	<b>1</b>
<b>5</b>	<b>Governance risk compliance</b>	<b>1</b>
5.1	Financial statements	1
5.2	Risk management	2
5.3	Fraud	2
5.4	Internal control	3
5.5	Performance management	3
5.6	Internal audit	3
5.7	External audit	3
5.8	Compliance	4
5.9	Board reporting	4
<b>6</b>	<b>Membership and meetings</b>	<b>4</b>
6.1	Membership	4
6.2	Chair	4
6.3	Secretary	4
6.4	Ethical practices	5
6.5	Meetings and attendance	5
6.6	Meeting agenda	5
<b>7</b>	<b>Relationships</b>	<b>5</b>
7.1	Internal audit	5
7.2	External audit	5
<b>8</b>	<b>Evaluation of committee activities</b>	<b>6</b>
<b>9</b>	<b>Review of the Charter</b>	<b>6</b>
<b>10</b>	<b>Approval of the Charter</b>	<b>6</b>

## 1 The Charter

The Board of The Australian British Chamber of Commerce (**ABCC**) (the **Board**) has approved this Risk and Audit Committee Charter of ABCC.

The purpose of this Charter is to outline the role, responsibilities, composition and operating guidelines of the Risk and Audit Committee (the **committee**).

## 2 Authority and independence

The committee has no executive powers, unless delegated to it by the Board.

The committee is a committee of the Board and is directly responsible to the Board. In discharging its responsibilities, the committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility.
- Access information, records and personnel of ABCC for such purpose.
- Request the attendance of any employee, including executive staff, at committee meetings.
- Conduct meetings with ABCC internal and external auditors, as necessary.
- Seek advice from external parties, as necessary.

## 3 Role

The role of the committee is to provide independent assurance and assistance to the Board on:

- The risk, control and compliance frameworks; and
- ABCC's external accountability responsibilities as prescribed in the *Corporations Act* and relevant Accounting Policy Standards;

The committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within ABCC or the reporting lines and responsibilities of either internal audit (when implemented) or external audit functions.

The committee will provide prompt and constructive reports on its findings directly to the Board, particularly when issues are identified that could present a material risk or threat to ABCC.

## 4 Duties and responsibilities

The committee is directly responsible and accountable to the Board for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the committee must at all times recognise that primary responsibility for management of ABCC rests with the Board.

## 5 Governance risk compliance

The committee's duties and responsibilities are to:

### 5.1 Financial statements

- Review the appropriateness of accounting policies adopted by ABCC and ensure the accounting policies adopted are relevant to ABCC and its specific circumstances.
- Review the appropriateness of significant assumptions and critical judgements made by management, particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements.

## Risk and Audit Committee Charter

- Review the financial statements for compliance with prescribed accounting and other requirements.
- Assess and contribute to the audit planning process relating to the risks and threats to ABCC, taking into account the financial and operational environment in which it operates and its performance management framework.
- Review, with management and the external auditors, the results of the external audit and any significant issues identified.
- Evaluate the quality and facilitate the practical discharge of the internal audit function (when implemented), particularly in the areas of planning, monitoring and reporting.
- Exercise scepticism by questioning and seeking full and adequate explanations for any transactions and their presentation in the financial statements.
- Analyse the financial performance and financial position and seek explanation for significant trends or variations from budget or forecasts.
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

### 5.2 Risk management

- Review the risk management framework for identifying, monitoring and managing significant risks, including fraud and cyber security.
- Satisfy itself that insurance arrangements are appropriate for the risk management framework, where appropriate.
- Liaise with management to ensure there is a common understanding of the key risks to ABCC. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up-to-date.
- Assess and contribute to the audit planning processes relating to the risks and threats to ABCC.
- Review effectiveness of ABCC's processes for identifying and escalating risks, particularly strategic risks.

### 5.3 Fraud

- Ensure fraud risks have been included in ABCC's risk assessment
- Review ABCC's anti-fraud strategies and programs
- Assess with management, the internal auditor (when appointed) and the external auditor risk of material misstatement in the financial reports due to fraud, including agreeing the nature, extent and frequency of such assessments
- Review with management, the internal auditor (when appointed) and the external auditor whether they are aware of any actual, suspected or alleged fraud affecting ABCC and how they responded to such instances, including any changes made to the internal control environment
- Obtain representations from management that all known instances of actual, suspected or alleged fraud, have been disclosed to the Risk and Audit Committee
- Ensure that ABCC has fulfilled any fraud reporting obligations.

#### **5.4 Internal control**

- Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control.
- Review, through the internal (when implemented) and external audit functions, whether relevant policies and procedures are in place and up-to-date, including those for the management and exercise of delegations, and whether they are complied with.
- Review, through the chief executive officer, whether the financial internal controls are operating efficiently, effectively and economically.

#### **5.5 Performance management**

- Review whether the performance management systems in place reflect ABCC's role/purpose and objectives (as stated in its strategic plan).
- Identify that the performance reporting and information uses appropriate benchmarks, targets and trend analysis.

#### **5.6 Internal audit**

- Consider from time to time the need for an internal audit function.
- When an internal audit function is considered necessary, determine whether this should be carried out by a duly appointed internal auditor or an appropriately qualified external resource.
- When an internal audit function is implemented:
  - Review the budget, staffing and skills of the internal audit function.
  - Review and approve the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
  - Monitor the proposed internal audit strategic plan and annual plan to ensure they cover key risks and that there is appropriate co-ordination with the external auditor.
  - Review the findings and recommendations of internal audit and the response to them by management.
  - Review the implementation of internal audit recommendations accepted by management.
  - Ensure that there is no material overlap between the internal and external audit functions.

#### **5.7 External audit**

- Consult with external audit on the proposed audit strategy, audit plan and audit fees for the year.
- Review the findings and recommendation of external audit (including from performance audits) and the response to them by management.
- Review responses provided by management to ensure they are in line with ABCC's risk management framework.
- Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progress is being made to mitigate the risk associated with the audit findings.

## **5.8 Compliance**

- Determine whether management has considered legal and compliance risks as part of the ABCC's risk assessment and management arrangements.
- Monitor and review relevant policies, processes and procedures for ensuring compliance with laws, regulations and other requirements relating to the external reporting by ABCC of financial and non-financial information.
- Review the effectiveness of the system for monitoring ABCC's compliance with relevant laws, regulations and government policies.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

## **5.9 Board reporting**

- Circulate minutes of the committee meetings to the Board, committee members and invited guests as appropriate.
- Prepare an annual report to the Board summarising the performance and achievements for the previous year. An interim program of the planned activities for the coming year is also to be provided.
- Submit a summary of its activities for inclusion in ABCC's Annual Report.

## **6 Membership and meetings**

### **6.1 Membership**

- The Board appoints members, including the Chair.
- Membership of the committee will consist of a minimum of two and a maximum of six (unless otherwise determined by the Board).
- At least one member will have financial and accounting expertise.
- The term of appointment is for two years and can be extended for a further term subject to the composition and skill requirements of the committee.
- Members are appointed on the basis of personal qualities and skills.
- Proxies are not permitted if the member is unable to attend meetings.
- Members have the ability to obtain expert advice as required or request information updates on significant changes to any relevant legislation or ABCC's obligations.

### **6.2 Chair**

The Chair will be a member of the ABCC Board with appropriate qualifications and who is approved by the Chairman of the Board.

### **6.3 Secretary**

- A secretary/secretariat function will be appointed by the Board to facilitate the committee's meetings and reporting duties.
- The secretary, in consultation with the Chair, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the committee.
- The secretary will table all correspondence, reports and other information relevant to the committee's activities and operations.

#### **6.4 Ethical practices**

Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the committee. The declaration must be made on appointment to the committee and in relation to specific agenda items at the outset of each committee meeting, and be updated as necessary.

#### **6.5 Meetings and attendance**

- The committee will meet at least two times a year and the schedule of meetings will be agreed in advance.
- A quorum will consist of two members.
- The Chief Executive Officer and the officer responsible for finance and internal audit (when appointed) will attend each meeting.
- All Board members are entitled to attend Committee meetings as non- members and are entitled to receive Committee papers.

#### **6.6 Meeting agenda**

- The committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risk and threats.
- It is the responsibility of the Chair to manage the agenda and prepare and present the Committee papers with the assistance of the Secretary.
- The agenda and relevant papers will be distributed to members at least seven working days prior to the meetings.

### **7 Relationships**

#### **7.1 Internal audit**

When an internal audit function is implemented, the committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that ABCC's internal audit function operates effectively, efficiently and economically.

- The internal auditor (when appointed) will have a standing invitation to attend committee meetings.
- The Chair and an independent committee member will hold executive sessions with internal audit at least twice a year, if required.
- The Chair may conduct independent meetings with Internal Audit resources without management present.

#### **7.2 External audit**

The committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken, but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.

- The external auditor will have a standing invitation to attend committee meetings.
- The Chair and another committee member will hold executive sessions with external audit at least twice per year.
- The Chair may conduct independent meetings with External Audit resources without management present.

**8 Evaluation of committee activities**

- The committee will undertake an annual self-assessment of its performance for the previous twelve months.
- The committee will provide a report of the annual review outcomes to the Board.
- The Chair will provide each individual member with feedback on that person's contribution to the committee's activities at least once during each member's term of office. This assessment will include a review of any training needs of the member.

**9 Review of the Charter**

- The charter will be reviewed annually by the committee to ensure it remains consistent with the committee's authority, objectives and responsibilities.
- All amendments to the charter will be discussed and approved by the Board.

**10 Approval of the Charter**

The ABCC Risk and Audit Committee Charter is endorsed by the Chair of the committee and approved by the Board.

Chair  
Risk and Audit Committee

Chair  
ABCC Board