

NADC Finance Audit and Risk Management Committee Charter

Purpose Statement

The purpose of the Finance Audit and Risk Management Committee (Committee) is to assist the Board of the NADC in discharging its responsibilities by providing objective non-executive review of the NADC budget, financial reporting, internal control, audit and risk management functions.

Legislative basis

The NADC as a Commonwealth company is subject to a range of laws and regulatory requirements including the requirement to have an audit committee governed by a charter (as outlined in Attachment A).

Reporting

The Committee shall record proceedings of each meeting. The Committee is to formally report annually to the Board on its performance.

The Committee Chair may also provide a verbal or written report to the Board regarding the Committee's specific activities as deemed necessary by the Committee or required by the Board.

Duties and responsibilities

In discharging its responsibilities to the Board, the Committee shall consider any matters relating to the financial affairs, risk and compliance issues of the NADC and any other matters it determines to be appropriate, in consultation with the Board. In addition, the Committee will examine any other matters referred to it by the Board.

The Committee

The duties of the Committee include providing advice, comments and recommendation to the Board following review and assessment of:

a) Budgets

- annual budgets for their appropriateness and consistency with the NADC's strategic objectives;
- quarterly, or more often if required, monitoring of the NADC's expenditure and revenue against the budget; and
- all expenditure submitted for Board approval (i.e. where the proposed expenditure exceeds the Chief Executive Officer's level of delegated financial authority);

b) Financial Report

- the appropriateness of accounting and financial reporting policies, systems and processes;
- the annual financial statements, focusing on changes to accounting policies, significant audit adjustments and compliance with accounting standards and legal requirements; and
- the annual report, including compliance with the *Public Governance, Performance and Accountability (PGPA) Act 2013* and PGPA Rules.

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c) Internal Controls

- the effectiveness and efficiency of internal control policies, systems and processes; and
- the appropriateness of the delegations of authority.

d) Risk Management

- the appropriateness of risk management policies, systems and processes including the risk management policy and, risk register, business continuity plan and emergency plan, to ensure that strategic, operational, financial and other risks to which the NADC might be exposed are properly identified, assessed and managed;
- the adequacy of mechanisms to manage the risk and mitigate incidents of fraud; and
- the appropriate levels for the Board's risk appetite and requirements for risk reporting from management to the Board.

e) Internal Audit

- an internal annual audit plan as required, outside external audit and other monitoring activities and considering the size and scope of operations;
- the implementation of management's response to internal audit findings when identified; and
- the performance of internal audit activities and the adequacy of resources to meet the risk needs of NADC.

f) External Audit

- liaison with external auditors in preparation and audit of the annual financial statements and during the financial year;
- the implementation of management's response to external audit findings; and
- directing other external audits as deemed required by the Committee.

Meetings

The Committee will meet as necessary (but at least four times per year).

The Committee may meet face to face or via teleconference or videoconference.

If the Committee Chair is absent or unable or unwilling to chair a Committee meeting, the external member may chair the meeting. If the Chair of the Committee and the external member are unavailable, the meeting should be deferred until one of them is available to Chair the meeting.

Committee members may not appoint proxies to attend meetings in their place.

Any matters requiring decision by the Committee may be decided by consensus, with no need for formal voting. However, if a consensus is not achievable, a matter may be decided by a majority of votes of Committee members present.

Resources

The Corporate Secretary will ensure adequate resources are provided to the Committee to assist with the administration of its meetings and reporting duties, in consultation with the Committee Chair, including:

- arranging meetings;

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- preparing and sending notices of meetings and agenda to Committee members;
- compiling and distributing Committee papers;
- preparing the draft Committee annual work plan and calendar;
- preparing minutes of Committee meetings; and
- ensuring the Committee's work plan and calendar are provided to the Board.

Minutes

The Committee Chair must ensure that all Committee meetings are minuted.

Membership

The Committee is appointed by the Board and comprises a minimum of 3 members (including the Committee Chair and an external member).

The Board must appoint Committee members on the basis of their skills and experience, so that collectively the Committee has the appropriate skills and experience to fulfil its role and responsibilities.

The Board will appoint the Chair of the Committee. The Chair of the Board must not be appointed as the Committee Chair.

Committee members may resign from the Committee by notice in writing to the Board.

Quorum

A quorum for a Committee meeting is 3 members. Committee members may not appoint proxies to attend meetings in their place.

Invitees

All Board members have a right to attend Committee meetings.

The Chief Executive Officer (CEO), Chief Operating Officer (COO), and Accountant are required to attend Committee meetings, as observers unless informed otherwise by the Committee.

The Committee may invite other people, including other NADC employees or external advisors, etc. to attend its meetings as it sees fit.

The auditors have a standing invitation to attend Committee meetings, unless informed otherwise by the Committee.

Invitees or attendees other than Committee members do not contribute to a quorum and have no right to participate in consensus decisions or to vote.

Remuneration

In accordance with the guidance provided by the Remuneration Tribunal, Committee members will be remunerated in recognition of the additional responsibilities and obligations related to the Committee. Remuneration will be approved by the NADC Board and be in accordance with the *Remuneration Tribunal (Remuneration and Allowances for Holders of Part-time Public Office)*

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Determination. Remuneration for the external member may be determined by the Board Chair in consultation with the Committee Chair.

Authority

The NADC Board authorises the Committee, within the scope of its responsibilities to:

- perform activities within its terms of reference;
- approve proposals to spend money in respect of goods and services or entering into contracts, agreements or arrangements for NADC business purposes in accordance with Board approved budgets or resolutions;
- approve the commitment of funds for term deposits in accordance with the NADC Investment Policy
- seek any information it requires from any employee in order to perform its duties via the Chief Executive Officer or Corporate Secretary; and
- obtain outside legal or other profession advice to assist in undertaking its responsibilities.

Date: May 2021

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Attachment A - Relevant legislation and governance frameworks

1. The National Australia Day Council Limited (NADC) is a not-for-profit Commonwealth-owned company limited by guarantee, that sits within the portfolio of the Department of Prime Minister and Cabinet.
2. The NADC is governed by the following legislation:
 - a. the *Public Governance and Accountability Act 2013* (Cth) (PGPA Act);
 - b. the *Public Governance, Performance and Accountability Rule 2014* (Cth) (PGPA Rule);
 - c. the *Corporations Act 2001* (Cth); and
 - d. the *Australian Charities and Not-for-profits Commission Act 2012* (Cth).
3. Under the PGPA Act the NADC is required to have an audit committee, which must be constituted, and perform functions, in accordance with any requirements prescribed by the rules.
4. NADC's obligations under the PGPA Rule in relation to the audit committee include the requirement to:
 - a. establish a written charter, determining the functions of the audit committee, which must include reviewing the appropriateness of the Board's:
 - (i) financial reporting;
 - (ii) performance reporting;
 - (iii) system of risk oversight and management; and
 - (iv) system of internal control,for the NADC;
 - b. have at least three persons who have appropriate qualifications, knowledge, skills or experience on the audit committee to assist the committee to perform its functions;
 - c. have the majority of members of the audit committee not be employees of the NADC (unless their employment is primarily for the purpose of being a member of the audit committee); and
 - d. not have the Chief Financial Officer or the Chief Executive Officer of the NADC on the audit committee.