



**Royal Australian Navy
Central Canteens Board**

**Audit and Risk Committee
Charter**

This charter has been adopted by the Royal Australian Navy Central Canteens Board to assist the members of the Audit and Risk Committee in the exercise of their responsibilities. This Charter is to be read in conjunction with the RANCCF Board Charter and is subordinate to it. The principles and policies set out in the charter are in addition to and are not intended to change or interpret any laws or the application of the company's constitution. The members of the Audit and Risk Committee will review the charter at least annually and recommend revisions to the RANCCF Board as appropriate.

Uncontrolled if Printed

Purpose of Charter

1. This Charter establishes the terms of reference and responsibilities of the Audit and Risk Committee, one of the standing committees of the Royal Australian Navy Central Canteens Board (RANCCB) established in accordance with paragraph 16 of the Board Charter. The existence of an Audit Committee with specific tasks is required by the *Commonwealth Authorities and Companies Act 1997 – Sect 44*.
2. The Audit and Risk Committee Charter is subordinate to the RANCCB Charter and the terms of the RANCCB Charter apply to the Audit and Risk Committee unless specifically altered or amended by this Charter.

Purpose of the Audit and Risk Committee

3. The Audit and Risk Committee is charged with:
 - a. helping the company and its directors to comply with obligations under the *Commonwealth Authorities and Companies Act 1997*, the *Corporations Act 2001*; and the *Navy(Canteens) Regulations 1954* and other applicable legislation;
 - b. providing a forum for communication between the directors, the senior managers of the company and the internal and external auditors; and
 - c. overseeing the RANCCF Risk Management System and its application in the organisation.

Responsibilities of the Audit and Risk Committee

4. The Audit and Risk Committee is responsible for the examination on any matter effecting the financial affairs of the RANCCF that either it considers necessary or are referred to it by the Board. Specifically it is responsible to the RANCCB for the following:
 - a. to review the financial information presented by the RANCCF management to the Board;
 - b. to review the RANCCF's annual financial statements and reports to the Minister;
 - c. to consider what the effects of any changes in the regulatory, accounting, disclosure requirements or other environmental factors on the RANCCF may be;
 - d. to review the external audit reports to identify any deficiencies and monitor management's responses and actions;
 - e. monitor the application of the company's administrative, operating and accounting policies through active communication with management and the external auditors;
 - f. monitor from time to time the need for an internal audit function;
 - g. in respect of External Auditors:

- approve the Audit Plan;
 - review their performance; and
 - ensure the Auditors have full cooperation of management;
- h. review all reports and policies provided to the committee by executive management on:
- corporate governance;
 - compliance program; and
 - regulatory affairs;
- i. monitor the practice of risk management;
- j. review the placement of the company's insurance program to ensure it meets the RANCCF's needs and aligns with the company's risk profile;
- k. identify any special projects or investigations deemed necessary;
- l. review the Board governance documents on an annual basis; and
- m. any other responsibility specifically delegated by the Board.

Powers of the Audit and Risk Committee

5. The general powers of the Audit and Risk Committee in terms of access to management and external advice is included in the RANCCB Charter. No executive authority is granted to the committee except as follows:

- a. the authority to obtain independent professional advice up to a limit of \$5,000 without prior approval of the Board. (The Committee should note that good practice would preclude compromising the Auditors independence by letting a contract to the Auditor for a non audit related activity);
- b. to enter into standing arrangements for the provision of on-going professional advice subject to budgetary approval;
- c. to invite participation of the Internal and External Auditors and other advisors in their meetings; and
- d. the authority to incur expenditure on budgeted items to the limit of the budgeted amount.

Committee Membership

6. The Audit and Risk Committee is to consist of at least three members of the RANCCB. The Chair will be nominated by the Board on an annual basis. Members serve at the pleasure of the Board but in order to provide continuity, the Board should seek to rotate one member each year. In appointing members the RANCCB should note the following:

- a. ASIC considers it undesirable that a Board Chair be a member of an Audit Committee;

- b. the nature of the business before the committee makes it desirable that legal, commercial and accounting skills are represented. If the skills are not available the Committee should take measures to avail themselves of appropriate expertise when necessary;
- c. the Audit and Risk Committee may co-opt other Board members to assist it if necessary; and
- d. the RANCCB Chair may appoint an additional member to the committee in the event operational activity or other absence prevents the possibility of a quorum.

Committee Meetings

7. The Audit and Risk Committee will meet at least once before each RANCCB Board Meeting and as often as necessary to complete its business. Meetings of the Audit and Risk Committee will be conducted according to the following principles:

- a. the Chair will schedule the meetings and approve the agenda;
- b. a quorum of two members of the committee not including co-opted members or the CEO/ CFO;
- c. all questions shall be decided by a simple majority of those committee members present;
- d. may be conducted by video or teleconference;
- e. may be attended by the RANCCF CFO as well as the CEO unless not required by the committee;
- f. may be attended by other Board members in accordance with Para 13 of the RANCCB Charter; and
- g. must be minuted to record the considerations and outcomes of the meetings and any conflicts of interest.

8. The minutes of the committee are to be tabled at the first RANCCB Board meeting following the Committee meetings as part of the Board papers, unless the Committee meeting occurs on the same day as the Board meeting. A summary report is to be provided at the Board meeting by the Committee Chair.

Committee performance

9. The Audit and Risk Committee is subject to conduct an annual performance evaluation in conjunction with the Board review process. The method of review will be determined by the Board using AICD guidelines.

10. The Audit and Risk Committee shall provide an annual summary report detailing the key issues that have confronted it during the year. There is no requirement to duplicate the Auditors report, rather to provide a summary of the RANCCF financial risk and compliance position suitable for incorporation in the Board's annual report once accepted by the Board.

Review of Charter

11. The Audit and Risk Committee will review its Charter annually and provide any recommendations for change to the Board.