



Australian Government
Royal Australian Air Force
Welfare Trust Fund

Audit and Risk Committee Charter

The Royal Australian Air Force Welfare Trust Fund (RWTF) Board has established the Audit and Risk Committee in compliance with Section 45 of the *Public Governance, Performance and Accountability Act (PGPA) 2013*.

This charter sets out the Audit and Risk Committee's objectives, authority, responsibilities, composition and tenure, reporting and administrative arrangements as guided by PGPA Rule -section 17.

Objective

The objective of the Audit and Risk Committee is to provide independent assurance and advice to the Board of Trustees of the RWTF regarding its financial reporting, performance reporting, risk oversight and management and system of internal control and compliance framework responsibilities.

Authority

The Audit and Risk Committee has no executive power, supervisory functions or decision-making authority in relation to the operation of the RWTF.

The Board authorises the committee, within its responsibilities, to:

- obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of a Trustee or an employee at committee meetings; and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities. In this regard, any expenditure will require prior approval of the Board.

Composition and tenure

The Audit and Risk Committee shall consist of a minimum of three (3) members appointed by the Board and will be comprised of:

- an employee or service member drawn from the Department of Defence. This person shall not be a member of the RWTF Board of Trustees, or an employee of the RWTF; and
- 2 non-executive Trustees or other persons deemed suitable by the Board, noting they must not be employees of the RWTF.

The RWTF Board shall determine the Chair of the Audit and Risk Committee. The RWTF Board may choose to expand the membership of the Audit and Risk Committee by the appointment of additional persons.

Should the Chair of the Audit and Risk Committee be absent from a meeting, the members of the Audit and Risk Committee present shall appoint an acting Chair for that meeting.

The Chair of the Board and other trustees may be invited to attend Audit Committee meetings. Advisers and other parties external to the RWTF may also be invited to attend committee meetings as the Chair of the Audit and Risk Committee considers appropriate but will not be deemed members of the committee.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the RWTF. At least one member of the Audit and Risk Committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

Members of the Audit and Risk Committee shall be appointed for a period to be determined by the Board.

Responsibilities

Financial statements and reporting
<ul style="list-style-type: none"> • satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of key internal controls; • review the financial statements and their compliance with relevant accounting standards (including whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements) and recommend their signing by the Board; and • review the processes in place designed to ensure that financial information included in the RWTF's annual report is consistent with the signed financial statements.
Performance reporting
<ul style="list-style-type: none"> • satisfy itself that the RWTF has appropriate performance reporting framework that meets government policy objectives and requirements (relevant, reliable and complete); and • satisfy itself that the RWTF annual performance statement accurately reflects performance based on estimates provided in the RWTF Corporate Plan.
System of risk oversight and management
<ul style="list-style-type: none"> • review whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the RWTF's business and financial risks, including fraud; • determine whether a sound and effective approach has been followed in managing the RWTF's major risks including those associated with individual projects, program implementation, and activities; • assess the impact of the RWTF's enterprise risk management framework on its control environment and insurance arrangements; • determine whether a sound and effective approach has been followed in establishing the RWTF's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested; • review the process of developing and implementing the RWTF's fraud control arrangements and satisfy itself the RWTF has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information; and • review reports on fraud from the RWTF's Fraud Manager that outline any identified allegations of fraud, the

status of any ongoing investigations and any changes to identified fraud risk in the RWTF.

System of Internal control

- review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective;
- review whether management has in place relevant policies and procedures, including conforming with Accountable Authority Instructions or their equivalent, and that these are periodically reviewed and updated;
- determine whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with;
- review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations;
- consider how management identifies any required changes to the design or implementation of key internal controls; and
- assess whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

Internal audit

- act as a forum for communication between the Board, senior management and internal and external audit;
- review the proposed internal audit coverage and ensure the coverage is aligned with the RWTF's key risks.
- advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit work plan;
- coordinate, as far as practicable, audit programs conducted by internal audit and other review functions;
- review all audit reports and provide advice to the Board on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice;
- monitor management's implementation of internal audit recommendations;
- review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;

External audit

- act as a conduit for communication between the Board, senior management and external audit;
- provide input and feedback on financial statement and performance audit coverage proposed by external audit, and provide feedback on the audit services provided;
- review all external audit plans and reports in respect of planned or completed audits and monitor management's response and implementation of audit recommendations; and
- provide advice to the Board on action to be taken on significant issues raised in relevant external audit reports or better practice guides.

Other responsibilities

- review the effectiveness of the system for monitoring the RWTF's compliance with those laws, regulations and associated government policies that the RWTF must comply with; and

- determine whether management has appropriately considered legal and compliance risks as part of the RWTF's enterprise risk management plan;

Responsibilities of committee members

Members of the committee are expected to understand and observe the legal requirements of the PGPA Act. Members are also expected to:

- act in the interests of the entity;
- apply good analytical skills, objectivity and good judgment; and
- express opinions constructively and openly, raise issues that relate to the committee's responsibilities and pursue independent lines of enquiry.

Reporting

The committee will report to the Board on its operation and activities at least twice per year. The report should include:

- a summary of the work the committee performed to discharge its responsibilities during the preceding year;
- a summary of progress in addressing the findings and recommendations made in internal and external audit and parliamentary committee reports;
- an overall assessment of the RWTF's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the RWTF; and
- details of meetings, including the number and type of meetings held during the relevant period, and the number of meetings each member attended.

The committee may, at any time, report to the Board any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Chair of the Board.

Administrative arrangements

Meetings

The committee is expected to meet no less than twice annually but may meet more frequently as determined by the Chair of the Audit and Risk Committee. Meetings may be held via telephone or other electronic means. A special meeting should be held to review RWTF's annual financial statements.

The Chair of the Audit and Risk Committee is required to call a meeting if asked to do so by the Chair of the Board, and decide if a meeting is required if requested by another member.

Planning

The committee should develop a forward meeting schedule by no later than March each year that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, that cover all the responsibilities outlined in this charter.

Attendance at meetings and quorums

The quorum for meetings of the committee is two persons or if the majority of the committee is greater than two persons, then that number of persons.

Secretariat

The Board, in consultation with the committee, will appoint a person to provide secretariat support to the committee. The secretariat will ensure: the agenda for each meeting is approved by the chair; the agenda and supporting papers are circulated, at least one week before the meeting; and the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated within two weeks of the meeting to each member and committee observers, as appropriate.

Conflicts of interest

Members of the Audit and Risk Committee are to declare to the Chair any potential or actual conflicts of interest they may have in relation to their responsibilities. Additionally, at the beginning of each Audit Committee meeting, members are required to declare any potential or actual conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the committee's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately recorded in the minutes.

Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

Assessment arrangements

The Chair of the Audit and Risk Committee, in consultation with the Chair of the Board, will initiate a review of the performance of the committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Board) with appropriate input sought from Board members, committee members, senior management, the internal and external auditors, and any other relevant stakeholders, as determined by the Chair of the Board.

The Chair will provide advice to the Board on a member's performance where an extension of the member's tenure is being considered.

Review of charter

At least once a year the committee will review this charter. This review will include consultation with the Board.

Any substantive changes to the charter will be recommended by the committee and formally approved by the Board.

M. WILLIS

Principal Air Chaplain

Chair RWTF Board of Trustees

G. PINDER

Air Commodore

Chair Audit and Risk Committee

**RWTF Audit and Risk Committee
Internal Audit Work Plan**

Whilst not limiting the scope of assessments, the committee should include the following in their assessments:

Audit Item	Required Frequency of Check	Date Confirmed									
<p>Accounting Records</p> <p>Are appropriate accounting records being maintained?</p> <p>Is there sufficient evidence to validate that the accounts reflect true financial record, particularly for major assets, e.g. bank statements and certificates for investments?</p> <p>Are paid invoices valid and an appropriate expenditure of Fund moneys?</p>	<p>Bi-annually</p> <p>Bi-annually</p> <p>Bi-annually</p>										
<p>Reports to Trustees</p> <p>Are Trustees provided with adequate financial reports for meetings?</p> <p>Are Trustees provided with adequate statistical reports? e.g. Loan statistics.</p> <p>Are Trustees provided with Audit and Risk Committee reports?</p>	<p>Bi-annually</p> <p>Bi-annually</p> <p>Bi-annually</p>										
<p>Employee and Payroll Operations</p> <p>Are salary and superannuation entitlements being paid in accordance with relevant employee contracts?</p> <p>Are salary sacrifice arrangements administered correctly?</p>	<p>Bi-annually</p> <p>Bi-annually</p>										

<p>Are taxation installments administered correctly?</p>	<p>Bi-annually</p>									
<p>Are appropriate payroll and taxation records maintained?</p>	<p>Bi-annually</p>									
<p>Are appropriate attendance and leave records maintained for employees?</p>	<p>Bi-annually</p>									
<p>Is employee leave approved by an appropriate authority?</p>	<p>Bi-annually</p>									
<p>Fixed Assets / Property</p>										
<p>Are fixed assets and/or property held accounted for in an appropriate register?</p>	<p>Annually</p>									
<p>Loan Records</p>										
<p>Are procedures in place to ensure that loans are processed in a timely manner?</p>	<p>Bi-annually</p>									
<p>Are appropriate loan records maintained? In particular: a. Loan application forms, b. Repayment records, and c. Record of payment to applicants</p>	<p>Bi-annually</p>									
<p>Are procedures in place to follow up bad and doubtful debts in a timely manner?</p>	<p>Bi-annually</p>									
<p>Banking Operations</p>										
<p>Are there sufficient controls within operating procedures, e.g. authorised signatures for bank transactions?</p>	<p>Bi-annually</p>									
<p>Is banking conducted on a regular basis?</p>	<p>Bi-annually</p>									
<p>Are investments properly authorised and managed?</p>	<p>Bi-annually</p>									

<p>Have the Fund's Standing Orders and Operating Procedures been reviewed in the last 12 months?</p> <p>Annually</p> <p>Has the Audit and Risk Committee participated in a review of Standing Orders and Operating Procedures?</p> <p>Annually</p>	<p>Annually</p> <p>Annually</p>									
<p>Protective Security</p> <p>Has the Protective Security Plan been reviewed within the last 12 months?</p> <p>Annually</p> <p>Is the Protective Security Plan appropriate for Fund activities?</p> <p>Annually</p> <p>Has the Audit and Risk Committee participated in a review of the Protective Security Plan?</p> <p>Annually</p>	<p>Annually</p> <p>Annually</p> <p>Annually</p>									
<p>Work Health and Safety</p> <p>Has the WHS Management Arrangements been reviewed within the last 12 months?</p> <p>Annually</p> <p>Are the WHS Management Arrangements appropriate for Fund activities?</p> <p>Annually</p> <p>Has the Audit and Risk Committee participated in a review of the WHS Management Arrangements?</p> <p>Annually</p>	<p>Annually</p> <p>Annually</p> <p>Annually</p>									
<p>Governance</p> <p>Have the following documents been reviewed by the Audit and Risk Committee prior to consideration by the Trustees?</p> <p>a. Annual Report and accompanying financial statements.</p> <p>b. Annual Compliance Report.</p> <p>c. Management Representations to ANAO.</p> <p>Has the Fund complied with relevant Accounting Standards and Finance Minister's Orders?</p> <p>Annually</p> <p>Annually</p>	<p>Annually</p> <p>Annually</p>									

<p>Business Activity Statement (BAS)</p> <p>Are Business Activity Statements prepared correctly?</p> <p>Are Business Activity Statements submitted in accordance with mandated ATO timeframes?</p>	<p>Bi-annually</p> <p>Bi-annually</p>										
<p>Group Life Insurance Scheme</p> <p>Are adequate records kept to identify contributors to the Group Life Insurance Scheme?</p> <p>Are adequate procedures in place to ensure that death benefits are paid in a timely manner?</p> <p>Are claims to the insurance underwriter submitted in a timely manner?</p>	<p>Annually</p> <p>Annually</p> <p>Annually</p>										
<p>Digital Recordkeeping</p> <p>Are records managed in accordance with the RWTF Records Management Policy Manual</p>	<p>Annually</p>										