



AAF COMPANY

(ABN 82 008 629 490)

(Trustee for the Army Amenities Fund and the Messes Trust Fund)

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Department of Defence
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AUDIT AND RISK COMMITTEE

CHARTER

Establishment

1. The Audit and Risk Committee of the Army Amenities Fund Company was recreated in 2020 to assist the Board in fulfilling its responsibilities by:
 - a. Overseeing and appraising the quality of audits conducted by the Company's external auditor.
 - b. Determining the adequacy of the Company's administrative, operating and accounting controls.
 - c. Inform the Company board of the financial affairs and risks to enable responsible management.

Background

2. The Board of the Army Amenities Fund (AAF) Company, a Commonwealth Company, established an Audit and Risk Committee IAW the Public Governance, Performance and Accountability (PGPA) Act 2013 (PGPA Act) and PGPA Rule 2014 (PGPA Rule) requirements.
3. Commonwealth companies are not Commonwealth entities for the purposes of the PGPA Act. The PGPA Act duties that apply to accountable authorities and officials of Commonwealth entities do not apply to directors and officers of Commonwealth companies.
4. The Corporations Act is the primary regulatory framework for Commonwealth Companies. Chapter 3 of the PGPA Act sets out additional requirements that Commonwealth Companies have to comply with in order to meet appropriate standards of public sector accountability.
5. For more information refer to the Department of Finance for definitions and guides.

Role of Audit and Risk Committee

6. The role of the Audit and Risk Committee is to appraise the planning and efficiency of the Company's audit activities and resources on behalf of the Chair and the Board. The Committee is to manage the internal review of business operations to ensure compliance with risk management and fraud related issues.

Responsibilities of the Audit and Risk Committee

7. The responsibilities of the Audit and Risk Committee include overseeing the financial reporting and disclosure process, carrying out regular internal reviews of financial management and business operations to ensure compliance with risk management and fraud issues.

8. The Audit and Risk committee will monitor risk controls, oversee the operations of the company from a compliance and risk perspective. The committee will make recommendations for performance improvements and existing good practices to the Board.

Membership of the Audit and Risk Committee

9. The Audit and Risk Committee shall consist of a minimum of three (3) members. It is typical for ordinary Board Members to fill two member positions however an independent member is also required.

10. The membership of the committee must include at least three members with appropriate qualifications, knowledge, skill or experience to assist the committee to perform its functions.

11. Affiliates to the Audit and Risk Committee are to be endorsed by the Chair and advised to the Board.

Appointment to the Audit and Risk Committee

12. Audit and Risk Committee members shall be appointed and removed by the Board, with appointment and removal documented in the Board Minutes.

13. Affiliates to the Audit and Risk Committee may be endorsed by the Chair, with endorsement documented in the Board Minutes. Any member of the Board may recommend an Affiliate. Endorsement as an Affiliate shall automatically expire annually on 30 June. An Affiliate to the Audit and Risk Committee may fill the role for up to five consecutive years.

Role of Affiliates to the Audit and Risk Committee

14. Affiliates to the Audit and Risk Committee may be invited to Audit and Risk Committee Meetings after endorsement of the Chair. Affiliates represent the interests of broader Army and assist the Committee with sound financial and risk management and special projects. Affiliates may be serving members of the Australian Army, or members of the Australian Public Service employed within the Army Group. Affiliates may make recommendation to the Committee in relation to financial reporting and disclosure and risk management. Affiliates do not have voting rights.

Chair of the Audit and Risk Committee

15. The Board will appoint one member of the Audit and Risk Committee as the Chair of the Audit and Risk Committee.
16. The Chair of the Audit and Risk Committee must not be the Chair of the Board.
17. Should the Chair of the Audit and Risk Committee be absent from a committee meeting, and no acting Chair appointed, the members of the Committee present at the meeting have authority to choose one of the committee affiliates to be Chair for the particular meeting.
18. The Chair of the Board may appoint an Acting Chair of the Audit and Risk Committee for a period of up to six months without reference to the Board, provided such appointment is an existing member of the Audit and Risk Committee and the temporary appointment is annotated in the next Board Meeting Minutes.

Operation of the Audit and Risk Committee

19. The Committee shall have access to the books and records of the AAF Company, the Company investment strategy documentation, the guidance provided to the Grants Committee, the details of all grants allocated and any other material to undertake the compliance function. The Committee shall make recommendations to the Board as to alternative processes, suggested improvements, concerns, potential risks together with risk mitigation strategies and existing good practices.
20. The Committee shall conduct an annual review of external suppliers of the AAF Company and make recommendations to the Board on the risk of the business arrangement.
21. The Committee shall provide an annual assessment of compliance with, external audit requirements as part of the preparation of financial statements, remuneration reporting requirements and internal audit programs.
22. The Committee will provide the reporting requirements to meet the AAF Company annual report requirements of the audit and risk committee IAW the PGPA Rule.

Frequency of Meetings

23. The Chair of the Audit and Risk Committee will determine the frequency of committee meetings in order to deliver on the strategic guidance of the Board.
24. The Audit and Risk Committee is to meet a minimum of four (4) times per financial year.

Notice of Meetings

25. The Chair of the Audit and Risk Committee is to raise a notice of meeting a minimum of seven days prior to any committee meeting.

Attendees

26. A Chair of the Audit and Risk Committee must attend all committee meetings. This may be the Board appointed Chair, an Acting Chair appointed by the Chair of the Board or a Chair raised under clause 17 of this charter.
27. Any Board Member may attend an Audit and Risk Committee meeting, but only appointed members of the Audit and Risk Committee will have voting rights.
28. Affiliates may attend Audit and Risk Committee meetings when invited by the Chair of the Audit and Risk Committee.

Quorum for Meetings

29. When the Audit and Risk Committee consists of three (3) members appointed by the Board, quorum shall be two (2) Audit and Risk Committee members.
30. When the Audit and Risk Committee consists of four (4) members appointed by the Board, quorum shall be three (3) Audit and Risk Committee members.

Decisions of the Audit and Risk Committee

31. Decisions of the Audit and Risk Committee shall be made by majority vote of the Audit and Risk Committee members present at the committee meeting.
32. Where required, the Chair of the Audit and Risk Committee shall hold a casting vote.

Expert Advice

33. Where the Audit and Risk Committee determines that it requires expert advice, a request to source that advice shall be made to the Board.

Committee Member Interests

34. Members of the Audit and Risk Committee will not participate in discussions and will not vote on any issues in respect of which there is an actual or perceived conflict of interest. Members of the Audit and Risk Committee are individually responsible for declaration of any actual or perceived conflict of interest. Such declaration shall be made at the commencement of the relevant committee meeting.

Review of the Audit and Risk Committee

35. Review of the performance of the Audit and Risk Committee is to occur annually, aligned with tabling of the Annual Report of the Committee. Criteria for review is to include:
 - a. achievement against annual strategic guidance set by the Board
 - b. management of the Audit and Risk program within any budgetary or operational constraints set by the Board

- c. achievement of reporting requirements to the Board, and
- d. compliance with risk management.

36. Review of the charter of the Audit and Risk Committee is to occur annually.

Disbandment of the Audit and Risk Committee

37. The Audit and Risk Committee may be disbanded by a majority decision of the Board of the Company. Disbandment of the Audit and Risk Committee requires concurrence of the Chair of the Board. Disbandment of the Audit and Risk Committee requires a transition plan for ongoing management and delivery of AAF Company Activity 3 - Financial investment.

Last updated: December 2021