

AUSTRALIAN SPORTS FOUNDATION LTD

FINANCE AUDIT AND RISK COMMITTEE CHARTER

Introduction

The Board of Directors (Board) of the Australian Sports Foundation (ASF) established a Finance Audit and Risk Committee (FAR Committee) in compliance with section 92 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 *Audit Committee for Commonwealth Entities*.

Purpose

The FAR Committee is a sub-committee of the Board of the Australian Sports Foundation Ltd (ASF) established to assist the Board discharge its responsibilities under the *Australian Sports Commission Act 1989* and the *Public Governance, Performance and Accountability Act 2013* in respect of financial reporting, performance reporting, risk oversight and management, internal controls and compliance with relevant laws and policies.

The FAR Committee is not responsible for the executive management of these functions. The FAR Committee will engage with management in a constructive and professional manner in discharging its responsibilities and formulating its advice to the Board.

Authority

The Board authorises the FAR Committee, within its responsibilities, to:

- Obtain any information it requires from any official or external party (subject to any legal obligation to protect information);
- Discuss any matters with the Australian National Audit Office (ANAO) or the company's auditors, or other external parties (subject to confidentiality considerations);
- Request the attendance of any official, including members of the Board, at FAR Committee meetings; and
- Obtain legal or other professional advice at ASF's expense, as considered necessary to meet its responsibilities.

Finance Audit and Risk Committee

The FAR Committee comprises a minimum of three members, appointed by the Board.

The Board will appoint the Chair of the FAR Committee who shall not be the Chair of the Board.

The FAR Committee is authorised to appoint a Deputy Chair who will act as Chair in the absence of the Chair.

The Chair of the Board and other directors may attend FAR Committee meetings, and when they elect to do so, will require copies of the FAR Committee papers.

The Board Chair, Chief Executive Officer, Chief Financial Officer or other management representatives may attend meetings as advisers or observers, as determined by the Chair, but will not be members of the FAR Committee.

A representative(s) of the ANAO or company's auditors will be invited to attend periodic meetings of the FAR Committee, as an observer. Copies of FAR Committee papers will not be provided unless approved by the FAR Committee Chair.

Membership of the FAR Committee will be reviewed periodically (but at least every three years) by the Board with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.

The FAR Committee will adopt and maintain a program of induction, training and awareness-raising for its members, with the objective of enabling the FAR Committee to keep abreast of contemporary developments and leading practices in relation to its functions.

Functions

1. Financial Reporting

- 1.1 Review the financial statements and provide advice to the Board; including recommending their execution by the Board Chair. In particular, the FAR Committee will:
 - a) assess ASF's compliance with accounting standards and other legislative pronouncements, including an assessment of the appropriateness of accounting policies and disclosures;
 - b) assess areas of significant judgement and financial statement balances that require estimation;
 - c) assess any significant changes to accounting policies and practices, (by May each year);
 - d) review significant or unusual transactions, not covered by b) or c) above; and
 - e) assess whether appropriate management action has been taken in response to any issues raised by the company's auditors, including financial statement adjustments or revised disclosures.
- 1.2 Review the processes in place designed to ensure that financial information included in ASF's annual report is consistent with the signed financial statements.
- 1.3 Monitor the standard of financial information provided to the Board, and
- 1.4 Discuss with the ANAO or the company's auditors, the auditor's judgements about the adequacy of the ASF's accounting policies and the quality of the ASF's processes for the preparation of the ASF's financial statements.

2. Performance Reporting

- 2.1 Consider any issues relating to the ASF's performance that the FAR Committee considers warrant review, or are referred to the FAR Committee by the Board.
- 2.2 Monitor the standard of non-financial performance information provided to the Board.
- 2.3 Review the proposed reporting of the ASF's performance to ensure that the information is consistent with the ASF's reported financial information.

3. Systems of Risk Oversight and Management

- 3.1 Assess whether management has in place a current and sound enterprise risk management framework and associated procedures for effective identification and management of the entity's business and financial risks, including fraud; and approve the Risk Management Framework.
- 3.2 Determine whether a sound and effective approach has been followed in managing ASF's major risks, including those associated with individual projects, program implementation, and activities.
- 3.3 Satisfy itself that management has assessed the impact of ASF's Risk management framework on the ASF's control environment.
- 3.4 Monitor the adequacy of insurance cover for the ASF.
- 3.5 Monitor reports on fraud from entity management that outline any allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in the ASF.
- 3.6 At least annually, commission and approve an entity-wide assurance map that identifies the ASF's key assurance arrangements.

4. Systems of Internal Control

4.1 Internal Controls Framework

- a) Assess whether management has in place comprehensive and relevant policies and procedures designed to maintain an effective internal control framework, including over external parties such as contractors and advisers.

Determine whether management has appropriate processes in place to assess, at least once a year, whether key policies are complied with; and.

- b) Assess the adequacy of the ASF's information technology security arrangements.

4.2 Delegations

Assess whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.

4.3 Business Continuity Management

Determine whether a sound and effective approach has been followed in establishing the ASF's business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested.

4.4 Ethical and Lawful Behaviour

Assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.

4.5 Legislative and Policy Compliance

- a) Assess the effectiveness of the system for monitoring the ASF's compliance with those laws, regulations and associated government policies that ASF must comply with;

- b) Determine whether management has appropriately considered legal and compliance risks as part of ASF's enterprise risk management plan; and
- c) Provide advice to the Board regarding the issue of ASF's annual Certificate of Compliance, or equivalent report.

5. Other Functions

- 5.1 Undertake other activities related to its responsibilities as requested by the Board.
- 5.2 Initiate and oversee special investigations as considered necessary.

Engagement with ANAO / External Auditors

The FAR Committee will engage with the ANAO/external auditors, in relation to the ANAO's financial statement and performance audit coverage. In particular, the FAR Committee will:

- Provide input on planned ANAO financial statement and performance audit coverage;
- Monitor management's responses to all ANAO/external auditor's financial statement management letters and performance audit reports, including the implementation of audit recommendations;
- Provide advice to the Board on action to be taken on significant issues raised in relevant ANAO reports or better practice guides;
- Consider the independence of the ANAO / External Auditor prior to finalisation of the financial report; and
- Meet privately with the ANAO/external auditors at least once per year.

Authority of the Committee

All decisions of the FAR Committee shall be referred to the Board for approval, other than the ASF's Risk Management Framework, that does not require the approval of the Board.

Reporting

The FAR Committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate.

The Chair of the FAR Committee will report to the Board at the next Board meeting following a meeting of the FAR Committee on any matters that the FAR Committee considers should be brought to the attention of the Board.

The FAR Committee will at least once annually confirm to the Board that all functions/responsibilities outlined in this Charter have been carried out, and comply with any other reporting requirements specified by the Board from time to time.

Administrative Arrangements

Meetings

The FAR Committee will meet at least four times per year. One or more special meetings may be held to review ASF's annual financial statements or to meet other responsibilities of the FAR Committee.

All FAR Committee members are expected to attend each meeting, in person or via tele-or-video conference.

The FAR Committee Chair is required to call a meeting if asked to do so by the Board, and decide if a meeting is required if requested by another member, internal audit or the ANAO/External Auditor.

Planning

The FAR Committee will develop a forward meeting calendar that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this Charter.

Quorum

A quorum will consist of at least 3 FAR Committee members. The quorum must be in attendance at all times during the meeting.

Secretariat

Secretariat arrangements will be the same as for the Board. The secretariat will ensure that:

- agenda for each meeting is approved by the FAR Committee Chair;
- agenda and supporting papers are circulated, at least one week before the meeting; and
- minutes of the meetings are prepared and maintained.

Minutes must be reviewed by the FAR Committee Chair and circulated within two weeks of the meeting to each member and FAR Committee observers, as appropriate.

Conflicts of Interest

Once each year, members of the FAR Committee will provide written declarations, through the FAR Committee Chair, to the Board declaring any material personal interests they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Board, in consultation with the Chair of the FAR Committee, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each FAR Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. Where required by the FAR Committee Chair, the member will be excused from the meeting or from the FAR Committee's consideration of the relevant agenda item(s). The FAR Committee Chair is also responsible for deciding if he/she should excuse themselves from the meeting or from the FAR Committee's consideration of any relevant agenda item(s). Details of material personal interests declared by the FAR Committee Chair and other members, and actions 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 FAR Committee responsibilities.

Assessment Arrangements

The FAR Committee Chair, will initiate a self-assessment of the performance of the FAR Committee at least once every two years. The review will involve input from the Board, each FAR Committee member, senior management, internal audit, the ANAO/External Auditors, and any other relevant stakeholders, as determined by the FAR Committee.

Assessment Arrangements of Auditors

Assessment of the performance of contract auditors will be discussed directly with the ANAO annually by the Chief Executive Officer and Chief Finance Officer. Key points or issues to be discussed will be drawn to the attention of FAR Committee Members.

Review of Charter

At least once a year the FAR Committee will review this Charter. This review will include consultation with the Board.

Any substantive changes to the Charter will be recommended by the FAR Committee and formally approved by the Board.

Approved

Signature:

Chair of the Board of Directors

Date:
