



**AUSTRALIAN CAPITAL TERRITORY
AND SOUTHERN NEW SOUTH WALES
RUGBY UNION LIMITED**

AUDIT AND RISK COMMITTEE CHARTER

JULY 2017

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1 PURPOSE

This document defines the establishment and operation of the Audit and Risk Committee (ARC) as a sub-committee of the ACT & Southern NSW Rugby Union (the Union).

The purpose of the ARC is to provide assistance to the Board of Directors in fulfilling its financial and corporate governance responsibilities in relation to the Union's financial reporting, internal processes and control structure, risk management systems, and the external audit functions.

To fulfil this role the ARC must ensure it understands the Union's strategic objectives; financial structure, controls, operations, risks and general environment in which it operates.

2 AUTHORITY

The ARC is to have free and open communication between:

- Board members;
- External and internal auditors;
- Other advisors to the Union; and
- Management of the Union.

In discharging its oversight role, the ARC is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Union and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The ARC does not have the authority to commit the Union to any financial undertaking or particular course of action. All recommendations made by the ARC must be authorised by the Board of the Union or management as delegation's permit.

3 RESPONSIBILITIES

The ARC will have the following responsibilities:

1. Review and endorse of annual budgets;
2. Recommend appropriate accounting policies;
3. Risk Management;
4. Review the financial and risk impact of all strategic/material or proposals to be considered or referred to it by the Board;
5. Review the internal policies, processes and procedures of the Union;
6. Review and approve the annual financial report;
7. Prepare and monitor the execution of a systematic program of reviews of internal controls within the Union;
8. Review, update and endorse external audit plans;
9. Annually assess its own performance in consultation with the Corporate Governance Committee.

4 MEMBERSHIP

The composition of the ARC will be made up of:

- Two Board Directors (one to act as Chairman);
- CEO;
- CFO, and
- Up to two Independent members.

All ARC's members must be appointed by the Board. The FAC may co-opt other members to fill specific skills gaps on either a long-term basis or to address specific issues.

Independent Members and Directors of the ARC must not have a financial relationship with the Union that may interfere with the exercise of independent judgement. This means they shall not accept any consulting, advisory, or other compensatory fee from the Union.

Term

Each member of the ARC will be appointed for a maximum 2-year term. However, the Board may see fit to reappoint an outgoing member for a further 2 years at the end of their current term.

Appointments are to be co-ordinated so that no more than two members are replaced each year to the greatest extent possible.

Skills

- The Board should ensure the ARC is comprised of members who collectively possess the following skill sets: Formal finance, accounting or audit experience Commercial Acumen;
- Commercial and business management experience; and
- Management of sporting organisations (preferable).

5 MEETINGS

The ARC shall meet at least four (4) times per year and at other times as it deems necessary to perform its functions.

The meetings are to be scheduled a minimum of 2 days prior to Board meetings.

A quorum shall be at least two of the members, one of whom must also be a director of the Board.

6 DETAILED RESPONSIBILITIES

6.1 Review and endorse of annual budgets

- Advise on high level strategic objectives for each budget round;
- Review draft budgets and recommend acceptance to the Board.

6.2 Recommend appropriate accounting policies

- Provide advice to management and the Board on appropriate accounting policies to be adopted.

6.3 Risk Management

- Ensure an annual Risk Assessment of the business is conducted;
- Review the result of the Risk assessment and report and/recommend to the board on the level of risk, its acceptability and any mitigation strategies required;
- Regular review of risks and mitigating actions.

6.4 Review the financial and risk impact of all significant and/or material proposals being considered / referred to it by the Board

6.5 Review the internal policies, processes and procedures of the Union;

- Prepare an annual check list of policies and procedures to be checked for compliance; and
- review the relevance and correctness of such policies and procedures.

6.6 Review and approve the annual financial report

- Assist where required and make recommendations with regard to the preparation for external Annual Audit;
- Detailed review of annual financial report before release.

6.7 Prepare and monitor the execution of a program of reviews of internal controls within the Union

- Preparation of an annual plan for conduct of reviews of the internal controls within each business functions and major risk areas;
- Reviews should be prioritised based on risk and rotate through all areas of the business;
- Conduct ad hoc reviews where necessary on the processes, and procedures of the Union;
- The ARC shall establish procedures for the receipt, retention, and treatment of complaints received by the Union regarding accounting, internal accounting controls, auditing matters, and the confidential, anonymous submission by employees of the Union of concerns regarding questionable accounting or auditing matters.

6.8 Review, update and endorse external audit plans

- Recommend to the Board of Directors on the appointment, reappointment or replacement of external auditors;
- Monitor the effectiveness, and independence of the external auditors;
- Resolve disagreements between management and the auditor regarding financial reporting;
- Review and endorse external audit plan;
- Receive and ensure action is taken to any audit management letters.

6.9 Annually assess its own performance

- The ARC in consultation with the Corporate Governance Committee shall conduct a review of its performance and its Charter annually and provide a report and recommendation of changes to the Board.

THE UPDATED AUDIT AND RISK COMMITTEE CHARTER WAS UNANIMOUSLY APPROVED AT A MEETING OF THE BOARD OF DIRECTORS ON THE 27TH SEPTEMBER 2017.