



Audit and Risk Charter

Date: 12 July 2022
Version 0.4

Amendment Process

This is a 'live' document and is to be reviewed by the Board annually.

This Charter will be amended by re-issue only. Copy numbers are not used.

Approved versions of this Charter will be designated and identified with a numerical designator commencing at '1' (e.g. v1.0).

Draft versions will be denoted by a change to the number following the decimal point (e.g. 1.1, 1.2).

Revision History			
Version	Date	Comments	Approved by
0.1	28 September 2020	Initial document creation	
0.2	8 December 2021	PK, Grant, Mark G draft charter changes	
0.3	9 March 2022	G MacKinnon: changes and submitted for Board approval	
0.4	12 July 2022	G MacKinnon: resubmitted for Board approval	

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1. Purpose

- 1.1. The Audit and Risk Committee (“ARC”) is an independent sub-committee of the Board of Directors of Sydney Gay and Lesbian Mardi Gras Group (“SGLMG”), SGLMG comprises two companies: Sydney Gay and Lesbian Mardi Gras Ltd and Mardi Gras Arts Ltd.
- 1.2. The committee is established under the Board Charter to assist the Board in complying with its external audit and risk management obligations under Australian Securities and Investment Commission (“ASIC”) and Australian Charities and Not-for-profits Commission (“ACNC”) and to assist the board in its oversight and management of external audit and risk management for SGLMG.
- 1.3. SGLMG has adopted a combined assurance approach to risk management, compliance and the establishment of a robust governance, control, and risk framework, involving contributions from external audit and management.
- 1.4. This Charter should be read in conjunction with the Corporate Governance Manual and Risk Policy.

2. Authority

- 2.1. ARC provides advice to the Board relating to decisions in accordance with this Charter, and other functions as may be delegated to it by the Board from time to time within its remit.
- 2.2. ARC has no delegated authority to make decisions on behalf of the Board, to approve financial expenditure, nor to commit SGLMG to activities or undertakings not otherwise approved by the Board.
- 2.3. The committee may examine any material matter in relation to its role and responsibilities, either on its own initiative confidentially, or at the request of the Board.
- 2.4. In fulfilling its role and responsibilities, the committee has the authority to:
 - (i) Request attendance of management at committee meetings and/or provide information or advice;
 - (ii) Have access to all requested information that supports ARC in meeting its responsibilities;
 - (iii) Seek information from employees, volunteers and third parties as required; and
 - (iv) Engage independent external consultants for independent advice with the Board’s approval.

3. Roles and Responsibilities

Risk Management

- 3.1. Support the Board in its oversight of risk management, including but not limited to:
 - 3.1.1. Review the adequacy of the risk appetite statement and tolerances to key categories of risk against the SGLMG strategy, operating context, and emerging risks;
 - 3.1.2. Review the adequacy of the risk management framework, policies, and practices, including risk registers, emerging risk, risk interdependence, risk management or treatment plans for all key risk classes, and crisis management plans;
 - 3.1.3. Review the proposed annual budget assessing its alignment with risk appetite and strategy, evaluating the appropriateness of underlying assumptions and identifying areas of risk in those assumptions;

- 3.1.4. Review and monitor the integrity of financial reports and make recommendations to the Board regarding significant financial, risk, or reporting integrity issues;
- 3.1.5. Review the financial policies adopted by management and monitor the exercise of delegations;
- 3.1.6. Review Management's establishment and implementation of a system of internal controls, including over external parties such as contractors and advisors, ensuring it is sound and effective;
- 3.1.7. Review SGLMG's risk management capabilities and competencies; and
- 3.1.8. Support or conduct incident reviews on behalf of Management or Board as required.

Compliance

- 3.2. Support the Board in its oversight and monitoring of compliance with laws, regulations, contractual obligations, ethical requirements, and internal policies, including but not limited to:
 - 3.2.1. Review annually the adequacy and appropriateness of insurances, exclusions and premiums and Management's compliance with special policy conditions;
 - 3.2.2. Periodic review of compliance with charitable fundraising licences and requirements of the Charitable Fundraising Act 1991; and
 - 3.2.3. Review the Register of Pecuniary Interests to confirm it is up to date and available for inspection by the auditors or the relevant authorities.

External Audit

- 3.3. Support the Board in its oversight of external audit activities, including but not limited to:
 - 3.3.1. Recommend to the Board the appointment of the external auditor, including terms of engagement and fees;
 - 3.3.2. Recommend external audit scopes, plans and approaches, including ad hoc audit focus areas;
 - 3.3.3. Review audit results with the external auditor and discuss the adequacy and effectiveness of internal controls and accuracy of financial statements;
 - 3.3.4. Review the audited financial statements before presentation to the board, to ensure they represent a true and fair view of the financial position and cash flow;
 - 3.3.5. Resolve any disagreements between management and auditors and monitor the implementation of audit recommendations;
 - 3.3.6. Review and confirm the external auditors' assertion of their independence in accordance with professional standards;
 - 3.3.7. Review annually the performance of the external auditors and recommend any changes that may be required to their appointment or future scopes of work;
 - 3.3.8. Conduct Audit Tenders on a regular basis (at least **5** yearly) and draft all documentation for the approval of the change of auditors at the AGM where required; and
 - 3.3.9. Recommend to the Board any engagement of the external auditors for non-audit related consulting services where required.

4. Members and Attendees

- 4.1. ARC will consist of a majority of independent (independent of Board and Management) SGLMG members and at least one Board director with appropriate qualifications and experience. The ARC chair will be an independent ARC member and nominated by resolution of the committee for a period of up to three years. The required number of ARC members will be determined by ARC in consultation the board to provide appropriate coverage of required skills and committee effectiveness.
- 4.2. The Board will appoint ARC members recommended by the People and Nominations Committee through a selection process that includes documented consultation with continuing ARC members. Tenure will be for a period of up to three years and the ARC member may nominate again (including the role of Chair of ARC).
- 4.3. Invited attendees may include the Chief Executive Officer, Chief Financial Officer, Treasurer or equivalent, the external auditor or others as the committee requires to fulfil its responsibilities. Invitees may take part in discussions but will be non-ARC members with no voting rights on ARC matters.

5. Meetings

- 5.1. ARC will meet at least six times a year and hold extra meetings as required. Any request for a meeting with the external auditors must be met within a timely manner.
- 5.2. Meeting quorum will be achieved when more than half the ARC members are in attendance and the majority of attendees being independent.
- 5.3. The notice and agenda of a meeting will include relevant papers and must be made available at least one week prior to the meeting date.
- 5.4. Meetings will mostly be face-to-face. Individual meetings may be held virtually if agreed by a majority decision of ARC committee members.

6. Code of Conduct

- 6.1. Committee members will abide by the SGLMG Board Code of Conduct.

7. Conflicts of interest

- 7.1. Committee members will abide by the SGLMG Conflict of Interest policy. Committee members will be invited to disclose interests at the start of each meeting.

8. Secretariat duties

- 8.1. The company secretary, or another appropriate designated person will act as secretary to the committee.
- 8.2. The ARC secretary will assist the ARC chair to develop and distribute the agenda, source reports and papers, maintain ARC meeting minutes and maintain the meeting calendar in line with that of the Board.

9. Committee procedures

- 9.1. **Board and Management Information:** Management will provide ARC with the Board information pack in advance of the ARC meeting, including updates to risks and risk management actions. Matters arising from prior ARC meetings including recommendations, papers, risks, issues, or other material concerns must be reflected/updated the Board information pack and communicated to Board by the ARC Director member(s) and/or reported to Board directly (refer 9.5 below).
- 9.2. **Written resolutions:** The committee may pass resolutions without holding a meeting in the same manner as is prescribed by the SGLMG Board Charter.
- 9.3. **Voting:** Any matters requiring decisions will generally be decided by consensus. If consensus is unable to be achieved the matter will be referred to the Board. The committee should engage in open negotiation to resolve matters. Directors are eligible to vote on committee matters only where they are appointed to the ARC by Board resolution and do not hold Treasurer, CFO, or equivalent positions.
- 9.4. **Minutes:** Minutes are prepared by the ARC secretary and must be approved by the ARC chair and circulated to members within two weeks of the committee meeting. The minutes must be ratified and signed by the Chair at the following meeting and provided to the Company Secretary for record keeping purposes.
- 9.5. **Reporting to the Board:** The ARC Chair is to report to the Board following each committee meeting. A copy of the minutes may be distributed along with other supplementary material including recommendations requiring board noting, action, or approval.

9.5.1. The ARC chair will organise information relating to the committee for inclusion in the annual report; and

9.5.2. The ARC chair has the discretion to escalate issues to the Board where:

- i. It is not clear that the committee has the authority to act;
- ii. The committee is unable to agree on a specific matter; and
- iii. The chair decides it is appropriate to advise the Board of the issue.

- 9.6. **Induction of new members:** Committee members will undertake an induction program which includes meeting key staff and directors. The Company Secretary will provide each new committee member with copies of: ARC Charter, Board Code of Conduct, strategic plan, risk appetite statement, risk management framework, prior annual report, and all material previously provided to the committee on matters still before the committee. It is the responsibility of the ARC chair to ensure that all new members sign the code of conduct and confidentiality agreement and provide copies to the Company Secretary for record keeping purposes.
- 9.7. **Committee reviews:** The committee will review its performance on an annual basis, this review includes ARC composition and the ARC charter to ensure that the ARC remains fit, appropriate, and effective.
- 9.8. **Intellectual property:** All objects created as part of the committee's work are owned by the Group.

10. Related documents

- Board Code of Conduct
- Conflict of Interest Policy
- Related Party Transactions Policy
- Corporate Governance Manual and Risk Policy