

Finance, Audit, and Compliance Committee – Terms of Reference

Objective

The Finance, Audit, and Compliance Committee is established as an advisory committee to provide independent assurance and advice to Council on the Memorial's risk, control and compliance framework, financial statement responsibilities, performance reporting, legislative and policy compliance, and internal and external audit activities.

Sub-Committees

To assist the Committee in meeting its responsibilities, the following sub-committees are established:

Audit and Risk

The principal responsibilities of the Audit and Risk Sub-Committee are:

- approval of internal annual and strategic audit plans;
- review of all audit reports and oversight of management responses be taken on any matters of concern raised in a report of the internal or external auditors;
- recommendation regarding Council approval of the annual financial statements;
- oversight, through the audit function, that a suitable risk management and internal control framework, including an internal security system, is developed and implemented by Memorial management; and
- oversight, through the audit function, that the Memorial management activity is fully compliant with relevant laws, regulations and relevant government policy

Finance, Performance and Budget

The principal responsibilities of the Finance and Budget Sub-Committee are:

- scrutiny and monitoring of the management and reporting of financial performance;
- review of and advice on the appropriateness of the processes and systems for financial record keeping and preparing financial reporting information;
- review the Memorial's annual performance measurement, assessment and reporting;
- review of and advice to the Director on the development of budgets and financial estimates; and
- endorsement of long term capital funding and investment strategies.

Membership of the Committee

Membership of the Committee will comprise no less than three members (excluding the Chairman of Council), all of whom shall be independent of management. The Chairman of Council, the Director, the Assistant Director, Corporate Services, and the Chief Finance Officer may also attend the Committee meetings. Invited members for the Audit and Risk Sub-Committee will comprise representatives from the Australian National Audit Office and from the Australian War Memorial Internal Audit Team. If required, an independent expert, external to Council, may be appointed as a member of the Committee

Members will be appointed by Council for an initial term of two to three years. An extension of the term will be subject to review of the member's performance and contribution to the Committee. The Committee will elect a Chair and a Deputy Chair from amongst its members. The Chair should be elected for a minimum period of one year and preferably have served as a member of the Committee before becoming Chair. The Deputy Chair will Chair the meetings where the Chair is unable to attend.

Responsibilities of Committee Members

Members of the Committee are expected to understand and observe the legal requirements of the *Australian War Memorial Act 1980*, the *Public Governance, Performance and Accountability Act 2013* and other relevant legislative instruments. Members are also expected to:

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

Skills, Experience, and Qualities of Committee Members

To be fully effective in supporting the Council, the Committee must be independent of management; understand the accountability relationships and their impact on financial performance, risk, and controls; and maintain a good relationship with management and internal and external auditors.

Members must have an understanding of the business of the Memorial and the ability to ask relevant questions of management and internal and external auditors. Members should have sufficient understanding of the Memorial's financial reports and audit requirements and some broad business and/or financial management experience. At least one member of the Committee should have accounting or related financial management experience and/or qualifications and an understanding of accounting and auditing standards. If necessary, the Committee will seek external financial, legal or other professional advice or have outside members as considered necessary.

The Chair of the Committee should have the qualities and abilities to lead discussions, encourage openness and transparency in discussions, facilitate the participation of other members, and conduct meetings in a manner that establishes effective communications with all stakeholders for continuous improvement.

Frequency of Meetings, Quorum, and Operation of the Committee

The Committee will meet at least quarterly, prior to Council meetings, and at other times, as necessary. A quorum will be deemed to exist when a majority of members are present.

Members, through the Chair, will have direct access to the Director; to the Assistant Director, Corporate Services; to the Chief Finance Officer; and to external and internal auditors, as necessary, on matters relating to the Committee's function.

Minutes of Committee meetings will be provided to Council for each quarterly meeting, based on the agenda of the Committee meeting and its principal responsibilities. Copies of the minutes will be available, as necessary, to ANAO or its subcontractor, as part of the

annual audit process. A summary report of matters dealt with will be issued to Council by the Committee after each meeting.

The Committee will review the performance of internal audit with Memorial management annually, and formally evaluate its own performance against its charter with input sought from management, Director, Council, and internal and external audit.

Conflicts of Interest

Once each year, members of the Committee will provide written declarations declaring any potential or actual conflicts of interest they may have in relation to their responsibilities.

At the beginning of each 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 minuted.

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 Committee, in consultation with the Chairman of Council, will initiate an annual review of the performance of the Committee. The review will be conducted on a self-assessment basis with appropriate input sought from Council members, Committee members, senior management, internal and external auditors, and other relevant stakeholders as determined by the Chairman of Council.

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

Review of Terms of Reference

The Committee will review its terms of reference bi-annually, in consultation with Council to reflect new circumstances and changing needs. Any substantive changes will be recommended by the Committee and formally endorsed by Council.