Audit, Finance and Risk

Committee Charter

1. Purpose

The purpose of the Audit, Finance and Risk Committee (the **Committee**) of the Board of Directors (the **Board**) of Vision Australia Limited (**VAL**) is to provide oversight of:

1. The integrity of the Company’s financial statements, financial reporting processes and financial management;
2. The Company’s compliance with legal and regulatory requirements;
3. The performance of the Company’s internal and external audit functions and;
4. The Company’s attitude to, and management of, risk.

The Committee acts on delegation from the Board and the Vision Australia Foundation Board (as Trustee of the Vision Australia Trust (**VAT**), the **VAT Board**). VAL is the sole member of Vision Australia Foundation, which is a company limited by guarantee. Any reference to ‘**the Company’** in this charter refers to the consolidated VAL/VAT entity. A reference to the ‘**Boards**’ is to the boards of both companies.

This charter governs the meetings and proceedings of the Committee and should be read in conjunction with the Board Charter.

1. Committee Role and Responsibilities

2.1 Role of the Committee

The role of the Committee is to:

1. Provide strategic financial, business and commercial advice to management;
2. Assess the quality and accuracy of the Company’s financial statements and financial reporting;
3. Evaluate the adequacy of the Company’s financial controls and systems;
4. Oversee the Company’s discharge of its responsibilities with respect to:
   1. the financial statements, financial report and annual report;
   2. legal/regulatory compliance;
   3. protection of capital;
   4. business policies and practices; and
   5. risk management systems;
5. Oversee the Company’s relationship with the external and internal auditors;
6. Oversee the Company’s risk management processes and procedures; and
7. Ensure an ethical culture has been embedded throughout the Company.

2.2 Responsibilities of the Committee

The Committee’s key responsibilities are to:

1. Interface with other Committees as required;
2. Make recommendations to the VAL and VAT Boards related to its areas of expertise and responsibility;
3. Review the adequacy of, compliance with and need for existing delegations by the Board;
4. Consider the need for any new delegations by the Board;
5. Assist the Boards in ensuring that governance and reporting systems adequately address risk and opportunity; and
6. Ensure the composition and skills of the Committee promote independence of thought while remaining consistent with the Board’s objectives and responsibilities.
7. Committee Functions

3.1 Audit

The Committee’s specific function related to audit is to:

1. Review and report to the Boards that
   1. the system of control that management has established effectively safeguards the assets of the Company;
   2. processes are in place such that accounting records are properly maintained in accordance with statutory requirements and best practice;
   3. processes exist to reasonably ensure that financial information provided to the Boards is accurate and reliable;
2. Make recommendations to the Boards on the appointment, rotation, terms of engagement, remuneration, and removal of each of the internal and external Audit providers;
3. Provide to the Committee members, and the Boards the opportunity to meet with the internal and external audit providers in camera at least once a year;
4. Monitor the relationship between management and the internal and external audit providers;
5. Monitor and assess the effectiveness, objectivity and independence of the internal and external audit providers to VAL and VAT;
6. Monitor and critique management’s responsiveness to the internal and external auditors’ findings and recommendations;
7. Ensure the effective coordination of the internal and external audit programs; and
8. Review and assess the quality of audits conducted by the internal and external audit providers.

3.1.1 External Audit

In addition, the Committee’s function specific to external audit is to:

1. Review and approve the audit plan of the external auditors with respect to both VAL and VAT;
2. Obtain assurance that the audit is conducted in accordance with the applicable Auditing Standards and all other relevant accounting policies and standards (including reviewing management representation letters and declarations) with respect to both VAL and VAT with a view to best practice being achieved;
3. Review (in consultation with management and external auditors), and recommend for Board and VAT Board approval, the appropriateness of the accounting principles adopted by management in the composition and presentation of financial reports. This includes explaining and recommending for Board and VAT Board approval all significant accounting policy changes taking into account their impact on financial reports;
4. Review and evaluate the controls and processes that are in place to ensure compliance with approved policies, applicable accounting standards and other requirements relating to the preparation and presentation of financial results for the Company;
5. Recommend to the Boards whether the financial and non-financial statements, and management representation letters should be signed based on the Committee’s assessment of them.

3.1.2 Internal Audit

In addition, the Committee’s function specific to internal audit is to:

1. Review and approve the audit plan of the internal auditor for the Company and monitor progress against the plan;
2. Ensure sufficient resources are available to enable an effective audit to be conducted in the areas identified for internal audit review;
3. Consider the implications of internal audit findings for the control environment; and
4. Review the progress of major VAL projects against budget and agreed milestones, and commission post-completion project audits as deemed necessary.

3.2 Finance

The Committee’s specific function related to finance is to:

1. Review and report to the Board as to whether or not:
   1. operating expenditure is in accordance with budget and the Company’s policies;
   2. capital expenditure incurred is in accordance with budget and the Company’s policies;
   3. fundraising strategies are in accordance with Company policies; and
   4. the Company’s financial reporting accurately reflects its performance.
2. Monitor financial performance against budget and management’s response to any under- or over-performance;
3. Undertake early review of the financial and risk implications of proposed changes to policies, business models and commercial activities;
4. Review and make recommendations to the Board regarding:
   1. the annual operating income and expense budget, capital expenditure budget, cash flow forecasts and out-of-budget expenditure items;
   2. compliance with and proposed changes to the Board’s delegations of authority;
   3. business cases for projects or capital expenditure items, in line with delegations of authority;
   4. the financial and risk implications of changes to policies, business models and commercial activities;
   5. progress and reporting of all complex or unusual financial transactions; and
   6. investment objectives, policy and performance for the Board.

3.3 Risk and Compliance

The ultimate responsibility for VAL risk and compliance resides with the VAL Board and, to the extent that it relates to the VAT, with the VAT Board. The Committee’s specific function related to risk and compliance is to:

1. Ensure that the Company has an effective risk management system and that significant or material risks are reported to the Boards;
2. Consider whether the Company has an appropriate attitude towards controls and risk management and report to the Boards;
3. Complete an annual review of the Company’s risk framework and risk management program to determine whether it effectively identifies relevant and emerging areas of potential business, financial and commercial risk and report to the Board;
4. Evaluate and report to the Boards on the effectiveness of the processes for complying with legal, accounting and other regulatory requirements including the *Australian Charities and Not-for-profits Commission Act 2012*;
5. Annually review and report to the Board on the structure, scope and adequacy of the Company’s own insurances;
6. Assess the effectiveness of, and compliance with, the Company’s Code of Professional Conduct and report to the Boards;
7. Assess whether risks assigned by the Board to other committees of VAL are being appropriately managed and report to the VAL Board;
8. Assess whether the policies developed and approved by the VAL and VAT Boards adequately identify and manage identified risks and report to the Boards;
9. Ensure that proper remedial action is undertaken to redress areas of weakness; and
10. Provide the opportunity for the Committee to meet with the Risk Manager, without other management present, at least once per year.
11. Membership of the Committee

Unless otherwise determined by the VAL Board, the Committee will comprise a minimum of five and a maximum of eight members with a minimum of three VAL Board members and one independent director of Vision Australia Foundation. The Chair of the VAL Board and the VAL CEO are ex-officio members of the Committee and are not included in these numbers. .

The Chair of the Committee is appointed by the VAL Board from the directors participating on the Committee. The Chair should not be the Chair of the VAL Board.

The Committee may co-opt persons to the Committee who are not members of the Boards. To fulfil its role effectively, the Committee will at times require specialist expertise and will co-opt members as required. All persons appointed to the Committee must be financially literate and have sufficient financial knowledge and understanding to allow them to discharge their responsibilities.

Other VAL directors who are not Committee members may attend meetings of the Committee and receive copies of the papers. Members of management may attend meetings of the Committee by invitation.

1. Management Support for the Committee

The Chief Financial Officer of VAL will attend meetings of the Committee and provide reports as requested by the Committee.

Secretariat for the Committee will be provided by the VAL Board Secretary. Prior to each meeting, the Board Secretary will consult with the Committee Chair regarding the agenda and papers required for the conduct of the Committee’s business.

The VAL Board Secretary will be responsible for the preparation of information to support the Committee’s business and will ensure these papers are available to Committee members seven days in advance of each meeting.

1. External Advice

The Committee may at any time seek external advice and may appoint and terminate advisors as required. Before engaging external advice, the Chair of the Committee will consult with the VAL Chair and VAL CEO to obtain the funding and other resources required to procure external advice.

1. Meeting and Procedural Matters

The Committee will meet at least four times a year, or more frequently as required. The annual Committee calendar will ensure that Committee responsibilities are addressed in a timely way. The Committee may conduct meetings without all Committee members involved in the meetings being in the physical presence of one another by using conference telephone, Skype or other electronic means provided that all Committee members involved in the meeting are able to participate in the discussion and have agreed to the use of the technology. This consent may be a standing one. A Committee member may only withdraw consent a reasonable time before the meeting.

The quorum for the Committee will be two members who are VAL Directors (and may include the Chair of the VAL Board as an ex-officio member of the Committee).

Directors and co-opted members are eligible to vote.

Minutes of Committee meetings will be prepared by or at the direction of the VAL Board Secretary. Following review of the minutes by Committee members, and approval of the Committee Chair, copies of these minutes will be made available to the Board at the earliest practical opportunity.

The Committee Chair will provide a report to the next VAL Board meeting regarding any material matters arising out of a Committee meeting. This will be a standing item on the Board’s agenda.

Any matters considered to be of major importance by the Committee should be immediately referred to the relevant Board or Boards for attention.

1. Conflict of Interest and Duty

VAL and Vision Australia Foundation have a duty to take reasonable steps to ensure that Directors and co-opted members comply with their duties in relation to disclosure of interests and conflicts of interest and duty. The Committee, including co-opted members acknowledges that the Company’s reputation and brand will be protected best where the highest standards are applied and agrees to abide by the Board’s conflict of interest and duty policy. Compliance with this policy at all times is considered to be best practice and in the best interests of Vision Australia.

1. Committee Review

Annually, the Committee will review its Charter and may recommend amendments to its Charter to the VAL Board for approval.

Annually, the Committee will undertake an evaluation of its performance against its Charter. The results of this review will be reported to the Board.

Annually, the Board will review the composition and skills of the Committee and will make (or recommend to the VAL Board) such changes as are necessary to ensure the Committee is able to fulfil its purpose.

1. Last review date of this Charter:

April 2017