

ASSEMBLY FINANCE, AUDIT & RISK COMMITTEE CHARTER

1. Introduction

The Assembly has adopted Regulations 3.7.5.2 for the establishment of a Finance, Audit & Risk Committee (the Committee). These Regulations set out the basic charter of responsibilities and scope for the work of the Committee.

The purpose of this document is to provide additional context to and explanation of the required activities of the Committee.

The functions and responsibilities of the Committee fall into four key areas:

- (i) External reporting, including Compliance
- (ii) Financial management, including budgets and management reporting
- (iii) External audit and internal audit and controls
- (iv) Implementation and oversight of risk management policies

The **Role** of the Committee shall be to provide specialist expertise, support and advice to the Assembly and its Standing Committee by providing ongoing oversight and scrutiny of the above functions across all Assembly entities and Agencies in order to protect Assembly's interests.

A schedule of Assembly Agencies and entities that are subject to the scrutiny of the Committee is shown in Attachment A.

In undertaking its role the Committee will report to each meeting of the Assembly Standing Committee (ASC) on the exercise of its responsibilities, the issues that it considers warrant the attention of the ASC and any recommendations for policy decisions.

Key regulatory responsibilities under 3.7.5.2 are as follows:

- a) Accountable to Assembly and its Standing Committee
- b) Make such reports and recommendations on financial matters and policies
- c) Assist ASC
- d) Review and if necessary initiate improvements to (i) quality of internal & external financial reporting; and (ii) effectiveness of internal and external audit functions.....
- e) Provide a formal forum for communication with external auditor.
- f) Monitor and be proactive in initiating improvements in audit and risk management systems.....
- g) Initiate action to investigate or intervene in any agency.....

The Committee will heed and recognise its **Authority** outlined in this Charter as well as those powers which has been given to other Committees by the ASC.

To this end, before undertaking any action that might be thought appropriate re 'investigation and intervention' the Committee will work with the General Secretary and the relevant governance body to draw to the attention of the relevant Agency or entity the matters of concern and may propose solutions.

Where delegated authority has been granted by the ASC to the governance Board or Committee of an agency that authority cannot be countermanded or overridden by this Committee. The Committee will however operate in an advisory role to those Boards and Committees and will advise the ASC of any matters of concern which it considers are of major significance in the areas of financial management, audit and risk.

Where the approved mandate of an Assembly Agency or entity is silent or non-existent with respect to a particular function or responsibility then the Committee has, by necessity, a higher duty of care and oversight.

However, in any circumstance where the Committee may have been given specific and delegated powers by the ASC then, irrespective of the Mandate of an Agency Board or Committee, the Committee's authority shall prevail.

In exercising its responsibility for **Oversight**, the Committee shall receive minutes of all meetings pertaining to audit, finance and risk matters; receive audited accounts; monitor all audit management letters; undertake an annual review of all Agency or entities Risk Registers; and oversee all audit finance and risk management matters of those Agencies without an ASC mandate for their own governance bodies.

The Committee has the authority under its initiation powers to write to or meet with the Executive or representatives of the governance body of an Assembly Agency or entity in order to make enquiry as to matters consistent with this Charter and to request management and/or others to provide such input and advice as is required.

The Committee has the authority to:

- (a) access relevant Assembly premises, documents and records;
- (b) subject to prior approval of expenditure by the Assembly General Secretary, obtain the advice of special or independent counsel, accountants or other experts; and
- (c) access management and any other service providers necessary (subject to prior approval of expenditure by the Assembly General Secretary) to inform the decisions of the Committee.

2. Membership

The membership of the Committee shall be in accordance with Regulation 3.7.5.2 but the following additional criteria shall apply

Appointed Committee members must

- i. act in the interests of the Assembly as a whole;
- ii. commit to devote the time necessary for the Committee to carry out its responsibilities
- iii. be experienced in financial management and/or risk management and decision making for entities of the size and complexity of the Assembly;
- iv. have relevant professional qualifications and/or experience;
- v. have an understanding of the context and polity of the Assembly

Appointed Committee members

- a. may not also be a member of the Assembly Investment Committee
- b. may not be an employee of the Assembly or its agencies or entities
- c. should ideally be a member of the Uniting Church but no more than two (2) non-members may be appointed
- d. shall serve for a maximum duration of nine (9) consecutive years
- e. shall not derive any benefits or remuneration for their services other than the reimbursement of bona fide travel and accommodation costs incurred in attending meetings.

For reasons of continuity, every endeavour should be made to ensure that at least 50% of the Committee members are re-appointed after each Assembly [see 3.7.5.2 (b)]

3. Meetings

- 3.1 Meetings of the Committee shall be convened by the Chairperson in consultation with the Chief Financial Officer (or equivalent) as necessary or appropriate to ensure the satisfactory fulfilment of its responsibilities.
- 3.2 A quorum for meetings of the Committee shall be three members other than the General Secretary or Chief Financial Officer.
- 3.3 The Chairperson is required to call a meeting if asked to do so by the Standing Committee.
- 3.4 The Chief Financial Officer shall be responsible for ensuring that minutes shall be kept of all meetings. Copies of minutes shall be available to members of the Assembly Standing Committee.
- 3.5 Meetings may be held in person, by telephone or by video conference.

4. External Reporting

Within this area of responsibility, the Committee will:

- 4.1 Ensure that the Assembly, its agencies and entities have processes in place to ensure compliance with all external regulation and obligations
- 4.2 Review and assess the appropriateness of the accounting policies and principles of the Assembly, its agencies and entities.

- 4.3 Review any significant changes to the accounting policies and principles as advised or proposed by the Chief Financial Officer.
- 4.4 Ensure that financial reports comply with 4.1 and 4.2
- 4.5 Review the financial statements of the Assembly and Assembly Agencies and provide advice to the ASC (including whether appropriate action has been taken in response to audit recommendations and adjustments).
- 4.6 Satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal controls.
- 4.7 Review the processes in place designed to ensure that financial information included in the Assembly and Assembly Agency annual reports and Triennial Reports to Assembly is consistent with the audited financial statements.

5. Financial Management

Within this area of responsibility, the Committee will:

- 5.1 Review all annual budgets (including the processes undertaken to formulate the budget) prior to their presentation to the ASC and provide such report and recommendations to the ASC as is considered necessary.
- 5.2 Review the progressive financial performance of the Assembly during the year.
- 5.3 Provide such reports as may be necessary to the ASC on the financial performance and position of the Assembly.
- 5.4 Examine any significant financial transactions affecting the Assembly and its Agencies and entities.

In particular, all Agencies and entities must seek AFARC prior approval in circumstances when intended but unbudgeted capital expenditure, borrowings or operational commitments exceeds 10% of the approved segment operational budget (e.g. Aged Care or Children's Services). In such circumstances the Committee shall report the transaction to the next ASC meeting.

6. External Audit & Internal Audit and Controls

Within this area of responsibility, the Committee will:

- 6.1 Receive and monitor related party transactions and assess their propriety.
- 6.2 Oversight key areas relating to the external audit of the Assembly. In particular, the Committee should:
 - 6.2.1 make recommendations to the ASC on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness, and independence of the external auditor;
 - 6.2.2 review and assess the independence of the external auditor, including but not limited to any relationships with the Assembly or any other entity and the nature and extent (if any) of any non-audit services provided by the external auditor that may impair or appear to impair the external auditor's judgement or independence in respect of the Assembly;
 - 6.2.3 periodically (but no less than every three (3) years) review and assess the desirability for auditor replacement or rotation and make recommendations to ASC. Where a decision is made to seek a new auditor the tender process shall be undertaken by the Committee
 - 6.2.4 review and agree on the terms of engagement for the external auditor at the start of each audit;
 - 6.2.5 review the scope of the external audit with the external auditor including identified risk areas and any additional agreed-upon procedures;
 - 6.2.6 review the external auditor's audit fee, and be satisfied that an effective, comprehensive and complete audit can be conducted for that fee;
 - 6.2.7 review and monitor management's responsiveness to the external auditor's findings and recommendations;

- 6.2.8 review with the external auditor any significant disagreements between the external auditor and management, irrespective of whether they have been resolved;
- 6.2.9 review all representation letters signed by management, and be satisfied that the information provided is complete and appropriate;
- 6.2.10 at least annually, meet with the external auditor without the presence of management.
- 6.2.11 for those Agencies and entities which engage an external auditor independently of Assembly, the Committee shall satisfy itself that the processes outlined above have been followed by the Agency.

7. Risk Management

Within this area of responsibility, the Committee will review and assess internal processes for determining, monitoring and assessing key risk areas. In particular the Committee should pay close attention to:

- i. non-compliance with laws, regulations, standards and best practice guidelines;
- ii. important judgements and accounting estimates;
- iii. litigation and claims;
- iv. fraud and theft; and
- v. any other business risks that are not dealt with by a specific Assembly committee.

In relation to these risk areas, the Committee should ensure (for the Assembly, its Agencies and entities):

- that there is an effective risk management system in place, including for macro risks, and that the Committee assesses this system;
- that an effective internal control system in place, and that the Committee assesses this system;
- that there are systems in place for detecting unusual and/or high risk transactions and that the Committee assesses this system;
- that there is a clear policy and procedure for reporting, actioning and documenting breaches of laws, including fraud and theft and that the Committee receives management reports on all actual and suspected breaches of laws;
- that it meets periodically with management and external and internal auditors to review the internal control environment and the processes in place for continuous improvement;
- that a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

8. Assessment and Review

The Chairperson of the Committee, in consultation with the President, will initiate a review of the performance of the Committee at least once every three years. The review will incorporate input sought from the ASC, General Secretary, National Directors and Assembly management and any other relevant stakeholders.

At least once every three years the Committee will review this charter to ensure it remains relevant to the current needs of the Assembly and its Standing Committee. This review may include consultation with the ASC and Agencies and entities with which it has involvement in the fulfilment of this Charter. Any proposed changes to the Charter shall be approved by the ASC.

This Charter is available for distribution to the Assembly Standing Committee, Agencies or entities of the Assembly or their governance bodies.

Approved by the Assembly Standing Committee, March 2013

Assembly Agencies and Entities

Clause 46 of the Constitution authorises “The Assembly to establish such institutions and agencies and appoint such councils and committees for such purposes and for such time as it deems necessary or desirable”.

Regulation 3.7.5.1 (l) (i) authorises the Standing Committee to “transact...such business as may be required or be desirable to be done on behalf of the Assembly”.

The following Agencies and entities fall under the oversight of the Committee

Agency/Entity	Governance arrangements
Beneficiary Fund	Separately incorporated with Assembly approved Constitution and Board appointed to meet APRA requirements
Frontier Services	Assembly approved Constitution with Board appointed by Assembly
Uniting World Relief & Development	Assembly approved mandate and National Committee
Uniting World Church Connections	Assembly approved mandate and National Committee
UnitingCare Australia	Assembly approved mandate and National Committee
Home Endowment Fund	Rules approved by Assembly: management delegated to Vic./Tas. Synod
Ministers Benevolent Fund	Rules approved by Assembly: management delegated to Committee with financial oversight by General Secretary
Uniting Aboriginal and Islander Christian Congress	Constitution and Regulations dated 1992
Assembly Fund (including Task groups and Working parties)	Oversight by General Secretary
UCA Assembly Limited	Separately incorporated with Assembly approved Constitution and Board