



Australian Government

Coal Mining Industry  
(Long Service Leave Funding) Corporation



# Audit, Risk Management and Compliance Committee

## Terms of Reference

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## 1. Introduction

The Board of Directors (**the Board**) of the Coal Mining Industry (Long Service Leave Funding) Corporation (CLSL) has constituted the Audit, Risk Management and Compliance Committee (**ARCC**) in accordance with:

- section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act); and
- section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

The ARCC is to discharge its functions in accordance with these Terms of Reference.

## 2. Objectives of the ARCC

The ARCC plays a key role in assisting the Board with its responsibilities as the accountable authority of CLSL, in:

- ensuring the integrity of the financial statements and the independence of the external audit function;
- ensuring the integrity and independence of the internal audit function;
- ensuring the robustness, efficacy and accuracy of internal control systems and processes supporting the management of conduct, delegations, conflicts, whistleblowing, business continuity, privacy, complaints, performance reporting, reporting of financial information and other matters referred to it from time to time for oversight commensurate with CLSL's size, complexity and legislative environment;
- monitoring and controlling of risks including strategic, enterprise, operational, specific project and emerging risks;
- ensuring compliance with applicable laws and regulations; and
- provide an additional forum for communication on issues relating to financial reporting, internal control and risk management.

## 3. Powers of the ARCC

- The Board authorises the ARCC to seek any information it requires within the scope of its duties and responsibilities;
- The ARCC shall have unlimited access to the external and internal auditors, as well as access to relevant staff;
- The ARCC may also obtain independent professional advice where it considers this necessary to carry out its duties; and
- The ARCC may, where the ARCC considers it appropriate, refer to the Board any other documents it considers to require review or approval.

## 4. Duties and responsibilities of the ARCC

The ARCC is to attend to matters including but not limited to the following areas of responsibility. In undertaking its duties, the ARCC is required to align with CLSL's risk management framework.

#### **4.1. External Audit**

- Review and endorsement with recommendation to the Board to accept the annual management representation letter from the Chief Executive Officer (CEO) and General Manager, Finance.
- Review and endorsement with recommendation to the Board to approve and sign the annual Statement by Directors.
- Review and endorsement with recommendation to the Board to approve and adopt the annual financial statements.
- Review of the annual external audit strategy and provide input and feedback on the planned financial statements and performance audit coverage as required.
- Review of other audit related engagement documents.
- Receipt and review of external auditor reports including the draft annual Financial Statements, Auditor's Report and Directors' Report. The ARCC is to meet with the external auditor on a periodic basis to consider their reports on the findings of their audit and issues arising from their audit.
- Review of CLSL's response to as far as practicable, external audit reports and oversight of timely rectification of auditor findings;
- Identify audit related material that is relevant to CLSL, and advise the Board about prudent audit practices; and
- Other audit related matters as requested by the Board.

#### **4.2. Internal Audit**

- Endorse and make recommendations to the Board on the appointment, removal and remuneration of the internal auditor;
- Review of work programs relating to internal audits including the 3 year strategic and annual audit plans for recommendation to the Board for approval;
- Oversight of the independence and adequacy of the internal audit service; and
- Receipt and review of internal audit reports, quality and timeliness of audit findings and management of rectification measures. The ARCC is to meet with the internal auditor on a regular basis to consider their reports on their findings and issues arising from their findings.

In addition to the matters listed above, the ARCC is to:

- meet with CLSL staff on matters related to the operation of the financial accounting systems and on issues arising from the internal and external audits.

#### **4.3. Financial reporting**

- Oversee the preparation of annual financial statements, regular Management accounting reports and other finance related reports for recommendation to the Board for noting or approval where required; and

- Advise the Board on the effectiveness, accuracy and adequacy of CLSL's financial reporting and budgeting systems and practices including in relation to the framework and controls relating to CLSL's internal budgeting and reporting, including the management of the Fund<sup>1</sup>.

#### **4.4. Risk oversight and management**

Ensure accountability at Board and Senior Management level for risk oversight and management including:

- Oversee the adequacy of the risk management framework, policies, strategy, capability and controls including in respect of business continuity, financial and non-financial emerging risks, issues and incidents;
- Review and endorse the Risk Management Strategy and Risk Appetite Statement and other policies and frameworks for recommendation to the Board for approval to ensure effective oversight, management and improvement of systems for:
  - identifying, assessing, monitoring and managing risk;
  - ensuring the adequacy of CLSL's internal controls; and
  - CLSL's compliance with its risk management obligations including in respect of fraud risk management.
- Oversee the fraud risk management framework in respect of having and maintaining a Fraud and Corruption Policy, Fraud and Corruption Control Plan and Fraud and Corruption Strategy Statement for CLSL; and
- Oversee CLSL's business continuity framework to ensure appropriate processes and detailed plans are in place to:
  - identify and manage potential business continuity risks; and
  - managing a crisis and/or pandemic event should it eventuate.

The Investment Committee (IC) retains responsibility for investment related risk management however the activities of the IC must be consistent with the overall risk management framework adopted by CLSL. The ARCC may from time to time review reporting in relation to investment related risk management to ensure activities are appropriate and reasonable and that risk management is undertaken in accordance with CLSL's framework.

#### **4.5. Compliance**

Oversee compliance by CLSL with:

- CLSL's policies and procedures;
- the PGPA Act and the PGPA Rule; and
- other applicable legislative requirements not overseen by another CLSL Board Committee.

#### **4.6. Governance**

Oversee good governance of CLSL, including:

- appropriate corporate conduct, behaviours and frameworks;
- policy maintenance and review, endorsement or approval (as appropriate) of changes to existing policies in relation to:

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<sup>1</sup> Part 6—The Coal Mining Industry (Long Service Leave) Fund, Section 40 Establishment of the Fund, *Coal Mining Industry (Long Service Leave) Administration Act 1992*.

- Conflicts of Interest;
  - Privacy;
  - Accounting and Budgeting;
  - Compliance;
  - Delegations;
  - Information Management;
  - Insurance;
  - IT Acceptable Use;
  - Responsible Use of AI
  - Policy Governance; and
  - Procurement
- Actuarial oversight of the Fund including liability and asset matching requirements. The ARCC is to meet with the Actuary on a periodic basis to consider their reports on the findings of their investigations and issues arising from their investigations.

Minor amendments to policies may be approved by the ARCC. The ARCC is to discern whether a revised policy should be tabled for Board approval, based on the materiality of any proposed revisions.

#### **4.7. Complaints**

- Oversee the adequacy of the complaints framework, policy and controls to ensure an effective system for:
  - ensuring the adequacy of CLSL's internal complaints framework and controls; and
  - recommending to the Board approval of amendments to the Complaints Policy.
- Oversee and monitor CLSL's performance against CLSL's Complaints Policy; and
- Oversee practices to effectively manage systemic issues and CLSL's external disputes resolution authority (Commonwealth Ombudsman).

#### **4.8. Performance Reporting**

Oversee the performance of CLSL, including:

- review Performance Assessment and Reporting Policy, including the framework for the selection of key performance indicators and other performance measures;
- advise on the preparation and review of CLSL's annual performance statements; and
- advise about action that could be taken on significant matters of concern or significant opportunities for improvement that are mentioned in reports of internal and external audits.

#### **4.9 System of Internal Control**

Review and provide advice on the appropriateness of CLSL's:

- internal control framework;
- legislative and policy compliance practices; and
- IT security compliance including cyber security policy.

## **5. Composition of the ARCC**

### **5.1. Members of the ARCC**

The ARCC shall consist of not less than two (2) Directors and at least one (1) non-Director. All permanent members together must collectively have the appropriate qualifications, knowledge, skills and experience to perform the ARCC's functions. All ARCC members are appointed to the ARCC by the Board.

Committee members are required to demonstrate an understanding and ability to apply specific skills as identified in the CLSL competency framework.

A representative(s) of the Australian National Audit Office will be invited to attend meetings of the committee, as an observer.

The following persons shall not be members of the ARCC:

- the Chairperson of the Board
- the Chief Executive Officer
- the Chief Financial Officer.

## **5.2. Quorum**

A minimum of three (3) members of the ARCC must be present at the meeting to form quorum. Quorum must be maintained through the entirety of the meeting.

## **5.3. Chairperson of the ARCC**

The ARCC Chair must be a non-Director. An ARCC Chair shall be appointed by the Board for an agreed term. If the ARCC Chair is unable to attend a meeting, the meeting shall be presided over by a temporary Meeting Chair selected by members in attendance.

The skills and experience of the ARCC Chair will be in line with the Director's Competency Framework.

The ARCC Chair will regularly evaluate the ARCC's performance.

## **5.4. Minute Secretary**

A Minute Secretary is to attend all meetings and record proceedings.

## **5.5. Term of appointment**

The term of appointment of any permanent member of the ARCC shall be as determined by the Board from time to time.

## **5.6. Authority to attend Board meetings**

The ARCC Chair is authorised, but not required, to attend Board meetings to present a report on ARCC meetings and matters referred to the Board by the ARCC.

# **6. ARCC meetings**

## **6.1. Frequency of meetings**

The ARCC shall hold a minimum of four (4) meetings per year. Special meetings may be convened as required.

## **6.2. Decision of the ARCC**

The findings and recommendations reported to the Board by the ARCC shall be determined by consensus.

Decisions of committees shall be made by a majority of the ARCC members in attendance at the meeting who are entitled to vote on the matter. Where support for any matter is not unanimous among ARCC members entitled to vote, the reason why an ARCC member does not support the recommendations and particulars of any numbers for and against any recommendation shall be indicated in the report to the Board containing such recommendation.

Only an ARCC member may vote in any deliberations of the ARCC.

The ARCC is empowered to make decisions via circular resolution and can conduct meetings by teleconference or videoconference should the need arise.

Decisions via circular resolution must be 100% in favour to be approved.

## **6.3. Minutes to be kept**

The proceedings of all meetings shall be recorded as soon as practicable after the meeting has been held and provided to the next meeting of the ARCC for approval.

## **6.4. Observers and invitees**

The CEO is entitled to attend ARCC meetings in an ex-officio capacity. The ARCC may invite other persons including CLSL Executives to observe meetings of the ARCC and provide information to the ARCC. Such persons may include other members of the Board of Directors, staff, consultants, or advisers of CLSL.

# **7. Reporting**

The ARCC is to report its findings, decisions and any recommendations to a regular meeting of the Board of Directors.

The minutes, agenda and supporting papers of each ARCC meeting are to be made available via the Diligent Board portal.

# **8. Management of Code of Conduct**

CLSL's Code of Conduct always applies in respect of the operations of this Committee.

# **9. Terms of Reference review**

The Terms of Reference for the ARCC shall be reviewed at least every two (2) years. All amendments must be approved by the Board.

## 10. References and related documents

- Public Governance, Performance and Accountability Act 2013 (PGPA Act) and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)
- ANAO Public Sector Audit Committees – Better Practice Guide, 2015
- CLSL Board Charter
- CLSL Competency Framework

## 11. Version history

| Ver. | Date      | Changed/Approved by | Changes made                                                                                            |
|------|-----------|---------------------|---------------------------------------------------------------------------------------------------------|
| 1    | Dec 2010  | Board               | Original.                                                                                               |
| 2-11 | 2015–2023 | Board               | Annual reviews.                                                                                         |
| 12   | Mar 2024  | Board               | Annual review.                                                                                          |
| 13   | Mar 2026  | Board               | Annual review with changes made for clarity and to reflect activities of the ARCC not already included. |