



Australian Government  
Coal Mining Industry  
(Long Service Leave Funding) Corporation

**COALLSL**

# 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 audit function
- monitoring and controlling of risks
- ensuring compliance with applicable laws and regulations.

The objectives of the ARCC are to:

- review the appropriateness of CLSL's:
  - financial reporting
  - performance reporting
  - system of risk oversight and management
  - system of internal control
  - accounting policies
  - business policies
  - compliance with applicable laws and regulations
  - governance systems and policies.
- provide an additional forum for communication on issues relating to financial reporting, internal control and risk management
- assess the effectiveness of the internal audit program
- provide oversight of the external audit program.

## 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 employees.
- The ARCC may also obtain independent professional advice where it considers this necessary to carry out its duties.
- 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 meet to receive reports and review matters relating to the following areas of responsibility:

### 4.1. Audit

- Recommend appointment of specialist internal audit service provider, including advising the Board on the professional standards to be used by internal audit service providers.
- Review work programs relating to internal and external audits.
- Receipt and review of internal and external auditor reports.
- Make recommendations to the Board on the internal audit program.
- Review of CLSL's response to internal and, as far as practicable, external audit reports.
- Identify audit related material that is relevant to CLSL, and advise the Board about prudent audit practices.
- Review of the annual external audit letters of engagement.
- Other audit related matters as requested by the Board.

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

- make recommendations to the Board on the appointment or removal, and remuneration, of specialist internal audit service providers
- meet with the internal and external auditors, as required, to receive and consider their reports on the finding of their audits
- meet with employees on matters related to the operation of the financial accounting systems and on issues arising from the internal and external audits.

### 4.2. Financial reporting

- Advise the Board on the preparation of annual financial statements.
- Advise the Board on the adequacy, framework and controls relating to CLSL's internal budgeting and reporting, including the management of the Fund<sup>1</sup>.

### 4.3. Risk oversight and management

- Oversee the adequacy of the risk management framework, strategy, capability and controls.
- Review the risk policy and framework to ensure an effective system for:
  - identifying, assessing, monitoring and managing risk
  - ensuring the adequacy of CLSL's internal controls
  - the Board's compliance with its risk management obligations.

### 4.4. Fraud risk management

- Oversee the fraud risk management framework in respect of having and maintaining a Fraud Policy, Fraud Control Plan and Fraud Strategy Statement for CLSL.
- Review policies on fraud risk awareness, oversight and management to maintain and improve an effective system for:

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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*.

- identifying, assessing, monitoring and managing fraud risk
- ensuring the adequacy of CLSL's internal controls
- the Board's compliance with its fraud risk management obligations
- documenting the Fraud Policy, including review of changes.

The fraud risk management activities must, however, be consistent with CLSL's Risk Management Policy adopted by the Board and will be reviewed on that basis.

#### 4.5. Compliance

Oversee compliance by CLSL with:

- CLSL's policies and procedures
- the PGPA Act and the PGPA Rule
- other applicable legislative requirements.

#### 4.6. Governance

Oversee good governance of CLSL, including:

- appropriate corporate behaviours and frameworks
- policy maintenance and review, endorsement of changes to existing policies and recommendation of new policies to the Board. 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 and controls.
- Oversee and monitor CLSL's performance against the Complaints Policy.
- Review policies for oversight and management to ensure an effective system for:
  - ensuring the adequacy of CLSL's internal complaints framework and controls
  - recommending to the Board to approve amendments to the Complaints Policy.

#### 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
- 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
- security compliance and
- internal audit coverage

## 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 to have the appropriate qualifications, knowledge, skills and experience to assist the ARCC to perform its functions.

Committee members should 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 for a quorum.

### 5.3. Chairperson of the ARCC

An ARCC Chairperson shall be appointed by the Board or otherwise by the permanent members of the committee for an agreed term and must be the non-Director.

The skills and experience of the ARCC Chairperson will be in line with the Directors Competency Framework.

The ARCC Chairperson regularly evaluates 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 Chairperson 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. Where support for any matter is not unanimous among ARCC members in attendance at the meeting, 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 by 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 ARCC may invite persons to observe meetings of the ARCC and provide information to the ARCC. Such persons may include other members of the Board of Directors, Employees, 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 shall be made available to any Director.

## 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.