

## 1. Role

The Finance, Risk and Audit Subcommittee (subcommittee) is a committee of the Alpine Resorts Victoria (ARV) Board established pursuant to section 34 of the Alpine Resorts (Management) Act 1997 (the Act), to provide advice and make recommendations to the Board on risk management, financial compliance and meeting accountability requirements as prescribed in the Financial Management Act 1994 (FMA), Standing Directions and other relevant legislation and prescribed requirements.

This charter articulates the Subcommittee's role and responsibilities, composition, structure, membership requirements and authority as approved by the Board.

The Board has authorised the Subcommittee, within the scope of their duties and responsibilities set out in this charter to:

- make decisions and perform the activities required to address its delegated responsibilities;
- make recommendations to the Board on matters that sit outside of the committee's scope of authority;
- independently review and assess the effectiveness of ARV's systems and controls for financial management, performance and sustainability, including risk management
- require attendance by specified personnel at meetings as appropriate; and
- have access to management, employees and information it considers relevant to its responsibilities under this charter.

## 2. Context

ARV is committed to providing a sector-wide focus and strategic leadership to the management of Victoria's six alpine resorts, through one organisation, building the economic resilience of the sector, streamlining operations across the resorts where possible and coordinating their response to challenges.

## 3. Objectives and scope

The Subcommittee is responsible for:

(a) External audit including but not limited to:

- discussing the scope, strategy and planning of the financial statements audit with the external auditor
- reviewing the ARV annual financial statements and recommending the approval or otherwise to the Board
- reviewing all external audit reports and scrutinising the appropriateness of ARV's management responses to any issues raised in the auditor's management letters and monitoring the implementation of findings and recommendations
- providing a standing invitation to the external auditor to attend Subcommittee meetings and meeting with the external auditor as required, but especially prior to annual report approval and sign-off

(b) Internal audit including but not limited to:

- following an appropriate procurement or review process, recommending the appointment or removal of the internal auditor to the Board
- reviewing the performance of the Internal Auditor annually and making recommendations to the Board
- reviewing and approving the internal audit charter
- reviewing and recommending the approval of the strategic internal audit plan to the Board
- reviewing internal audit reports and scrutinising management responses to matters raised by internal audit

- monitoring the implementation of agreed internal audit recommendations and any other actions associated with internal controls through regular progress reports to determine whether effective and timely management action has been taken
- reviewing the effectiveness of the internal audit program and whether the program provides appropriate independent assurance and adequately addresses internal controls over:
  - significant areas of risk
  - income, expenditure, assets and liability processes; and
  - compliance with regulations, policies, instructions and contractual arrangements
- Advising on the scope and conduct of special reviews or audits

The Subcommittee Chair, ARV Board Chair and any other Board Members must meet at least annually with Internal Auditors.

(c) Risk management including but not limited to:

- monitoring the effectiveness of ARV policies, procedures, processes and practices to managing risk and complying with laws, regulations and accounting standards
- monitoring ARV's risk exposure and providing assurance that risk is properly controlled, mitigated and treated through the Risk Management Framework and risk management systems and plans
- verifying the Board's attestation of compliance against the Victorian Government Risk Management Framework per Standing Direction 3.7.1 of the Minister for Finance
- establishing protocols for the escalation of risk from management to the Board
- reviewing insurance coverage and providing assurance on the appropriateness of coverage in place
- reviewing arrangements by which any interested party may, in confidence, raise concerns about possible improprieties in financial or other matters
- monitoring any discovered or potential instance of fraud, theft, loss, financial misdemeanour or similar risk and obtaining assurance that satisfactory management action has been taken
- reviewing and monitoring related party transactions to determine whether the systems of control, including declarations of interest systems, are adequate
- reviewing and advising on ARV's process for assessing and improving the effectiveness of its audit and risk assessment functions.

(d) Financial management including but not limited to:

- monitoring and reviewing ARV's financial governance, including but not limited to financial reporting frameworks, financial controls, delegations register, financial code of practice, financial policies, procedures, protocols, practices and processes, financial management compliance within the Standing Directions of the Minister for Finance and counter-fraud policy and measures
- providing oversight of ARV's financial accounts and reports, financial performance and sustainability, monitoring alignment with financial parameters and strategies and advising the Board of actual or potential financial risks to the enterprise
- reviewing draft operating and capital budgets and cash flow forecasts to ensure they align with the ARV's Corporate Plan and financial strategies and that the process is transparent
- reviewing and recommending to the Board all significant changes to ARV's financial and accounting policies
- on behalf of the Board, approving the Chief Executive Officer to execute agreements valued between \$501k and \$999k subject to appropriate adherence to ARV's Procurement Policy
- on behalf of the Board, reviewing and approving policies that relate to ARV's Finance and broader Corporate Services functions.

## 4. Membership:

The Board will appoint Subcommittee members and will appoint the Chair of the Subcommittee, who is to be one of the independent members of the Subcommittee.

The Chair of the ARV Board must not be the Chair of the Subcommittee.

The Chair of the Subcommittee will be appointed by the Board.

ARV Board directors including the ARV Chairperson who are not a member of the Subcommittee are invited to attend by standing invitation and observe the Subcommittee meeting in a non-voting capacity

Additional Persons who may commonly be invited to attend but are not members of the Subcommittee include:

Members of the Executive Management Team including the Chief Executive Officer (as the accountable officer) and Chief Financial Officer, the internal audit provider and external audit provider. These people may take part in the business of, and discussions at, the meeting but no voting rights. The Subcommittee must have direct access to the Auditors without the Management present.

The Subcommittee is to be independent and comprised of at least three (3) members of the Board and they are identified as independent in ARV's annual report.

All members must have and maintain:

- i. basic financial literacy
- ii. reasonable knowledge of the ARV's own risks and controls
- iii. integrity, objectivity, accountability, honesty and openness
- iv. a commitment to attending Subcommittee meetings and undertaking associated tasks
- v. relevant industry knowledge
- vi. business experience in the public or private sector

At least one member of the Subcommittee must have appropriate expertise in financial accounting or auditing.

Members will normally be appointed for a minimum of one year but no more than the individual term of the Board. The Board will review the membership and shall appoint or confirm the chair of the Subcommittee annually.

New members will receive relevant information and briefings on their appointment to assist them to meet their Subcommittee responsibilities.

A minimum requirement for the members to achieve the prescribed level of competence within six (6) months of membership of the Subcommittee.

### **Independent members**

An independent person is one who is independent of the management of the ARV, and

- within the last 3 years has not been employed in an executive capacity by the ARV or a related organisation or been a director after ceasing to hold such employment or a principal of a material professional advisor or a material consultant to the ARV or related organisation, or an employee materially associated with the service provider; and
- is not a major supplier or customer of the ARV or a related organisation or an officer or otherwise directly associated with a material supplier or customer; and
- has no material contractual relationship with the ARV or a related organisation; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the member's ability to act in the best interest of the ARV.

### **Basic financial literacy**

FRAC members must have the ability to read and understand financial statements, including the income statement, balance sheet, statement of recognised income and expense and cash flow statements. This may also include an understanding of the following, where the ARV is subject to:

- Generally accepted accounting principles
- Financial Reporting Directions
- Budget memoranda, and
- Resource Management Framework published by Department of Treasury and Finance.

All members of the Subcommittee should have access to updated copies of the above material and undertake periodic financial reporting and other relevant updates and training to ensure they stay current as to relevant developments in accounting and finance within the public sector agency.

New members will receive relevant information and briefings on their appointment to assist them to meet their subcommittee responsibilities.

## **5. Quorum**

A quorum for meetings shall be a majority of members, which is over 50% of Committee representatives.

## 6. Reporting

Minutes of each Subcommittee meeting shall be circulated to Board Members with the next Board papers. These will be accompanied by a report from the Subcommittee Chair, thereby ensuring appropriate Board oversight of the activities and decisions of the Subcommittee.

## 7. Meetings and minutes

The Subcommittee should meet every two months or as required to meet the subcommittee's objectives and to discharge its role and responsibilities effectively.

In accordance with the endorsed calendar of Board meetings, each of the Board subcommittee meetings will be staggered with two occurring one month, and two on the alternate month.

Subcommittee meetings will be scheduled at least several weeks prior to Board meetings to enable subcommittee content and recommendations to be considered for Board endorsement.

ARV will provide appropriate administrative support to the subcommittee including the recording of the minutes.

Subject to this Charter and any directions by the Board, the subcommittee may regulate its meetings and proceedings as the subcommittee Members see fit.

Where possible, Subcommittee meetings will be held online via Teams or through other approved means such as teleconferencing or video conferencing.

The Subcommittee may elect to hold in camera meetings as required (without management present).

The Subcommittee may undertake its work out of session by email.

The internal or external auditors may request a meeting and such a request is to be met.

## 8. Governance

The Subcommittee will regularly review its performance and undertake an annual self-assessment to be reported to the Board.

## 9. Authority

Pursuant to section 34 of the Act, the Subcommittee is an advisory Subcommittee and makes recommendation to the Board.

Pursuant to section 35(1)(a) and 35(2)(b) of the Act, ARV, by instrument, may delegate any of its functions or powers to a committee appointed under section 34. If delegations applying to this Subcommittee are in place, the nature and limits of the delegation will be expressly communicated to the Subcommittee.

The Subcommittee has the authority to request any information it requires from the Board or any ARV employee and to discuss any matter with the internal and external auditors.

The Subcommittee is authorised to seek independent, professional advice as it considers necessary.

In discussion with the Chairperson of the ARV Board, the Subcommittee has the authority to request information it requires from the Board or any ARV employee.

Subcommittee members are responsible for ensuring the efficient and effective operation of the Subcommittee and with support from the Board, for taking appropriate steps to ensure they have the requisite knowledge and training to undertake their role.

The Subcommittee will encourage the development of the highest standards of probity and ethical behaviour in everything ARV does.

## 10. Conflicts of Interest

Subcommittee members will disclose conflicts of interest at the commencement of each meeting. Where members or invitees are deemed to have an actual, potential or perceived conflict of interest, they will be excused from Subcommittee in a manner consistent with ARV's Conflict of Interest policy.

## 11. Key related policies and other documents

- Delegations Register - BP.G.7
- Conflict of interest Policy - BP.G.2

- Risk Management Framework & Appetite
- Instrument of Delegations Policy
- Gifts Benefits and Hospitality Policy - BP.G.5
- Fraud and Corruption Control Policy - BP.G.8
- Risk Management Policy
- Organisational Framework - BP.G.3

## 12. Contact for further info

Individuals who are unsure about this Charter, should ask the Chairperson of the Subcommittee for advice.

## 13. Regular review of this Charter

The ARV board will review this charter every two years or earlier, if required to ensure that its work remains consistent with the Board's strategic objectives and responsibilities, keeps up to date with changes to laws, government policy and guidelines.

## 14. Authorisation and documents parameters

<b>Document Reference</b>	SC1	<b>Owner:</b>	Board
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<b>Comments:</b>	This policy replaces all Finance Risk and Audit Sub Committee Charters within all Victorian Alpine Resorts from the date of approval.		