

# AUDIT AND RISK COMMITTEE CHARTER

## INTRODUCTION

1. Pursuant to the Australian Physiotherapy Council Limited (**the Council**) Constitution the Board has established an Audit and Risk Committee (**ARC**) to fulfil responsibilities and undertake activities outlined in this Charter.
2. This Charter is to be read consistent with the Objects of the Council set out in its Constitution.

## PURPOSE

3. The purpose of this Charter is to outline the ARC's:
  - 3.1. Duties and responsibilities;
  - 3.2. Composition and membership requirements; and
  - 3.3. Processes including meetings, agendas, papers, minutes and reporting to Board.

## DUTIES AND RESPONSIBILITIES

### 4. Financial Management and Reporting

Review and assess, in consultation with the Chief Executive Officer, the Council's accountants, and/or the external auditor:

- 4.1. The annual budget before submission to the Board for approval;
- 4.2. The appropriateness of the Council's accounting policies and principles, and financial disclosure practices;
- 4.3. Application of accounting standards including material estimates and judgements in the Council's financial reports; and
- 4.4. The Council's annual financial report and provide a recommendation to the Board.

### 5. Corporate Governance including Internal Control and Risk Management

Oversee the establishment and maintenance of effective corporate governance processes, including in relation to risk management and compliance, particularly:

- 5.1. Identification and management of risks, including quarterly review of the risk register and annual review of risk appetite levels;
- 5.2. Adequacy and appropriateness of insurance cover;
- 5.3. Cybersecurity monitoring and controls, including considerations relating to AI;
- 5.4. Crisis planning and business continuity;
- 5.5. Work health and safety;
- 5.6. Sustainable and ethical purchasing and modern slavery considerations;

- 5.7. Compliance with legislation, regulations, standards and policies;
- 5.8. Handling of litigation and claims;
- 5.9. Preventing fraud and theft; and
- 5.10. Related party transactions and potential conflicts of interest.

## **6. External Audit**

Oversee the external audit of the Council's financial reports, including:

- 6.1. Make recommendations to the Board on the appointment, remuneration and monitoring of the external auditor;
- 6.2. At the start of each external audit agree the terms of engagement with the external auditor;
- 6.3. Together with the external auditor review the scope, conduct and results of the audit and the implications of any audit findings; and
- 6.4. Meet with the external auditor at least once a year in the absence of management.

## **7. Investments**

Oversee the Council's financial investments, particularly:

- 7.1. Allocation of capital within Board-approved asset allocation bands;
- 7.2. Monitor and report on the performance and compliance of the investment portfolio and Investment Manager.
- 7.3. Oversee the process of recommending, appointing, and terminating Investment Managers; and
- 7.4. Recommend updates to the Investment Policy for Board approval.

## **8. Other Matters**

- 8.1. Provide assistance to the Board in relation to other matters as directed or authorised by the Board.

# **COMPOSITION AND MEMBERSHIP**

## **9. Membership**

- 9.1. The ARC will be composed of no less than three and no more than four members (at least two of whom must be Directors) appointed by a resolution of the Board having regard to their experience in financial, corporate governance, risk management, and audit matters in line with a Board-approved Skills Matrix. The Board may remove and replace any ARC member at any time.

## **10. Term of Office**

- 10.1. Upon appointment of a member of the ARC the Board will set a term of office for that member of either two or three years, commencing from 1 January of the coming year, or as otherwise determined by the Board.
- 10.2. Each ARC member is eligible for re-nomination, but may hold office for consecutive terms totalling no more than nine years.
- 10.3. An ARC member who has served for consecutive terms totalling nine years will be ineligible for reappointment as an ARC member for three years following the completion of their maximum term.

## **11. Appointment of Chair**

- 11.1. The Board will appoint a Chair of the ARC (who should be a Director, and must not be the Chair of the Board) for a term specified by the Board commencing on 1 January of the coming year, or as otherwise determined by the Board. The Board may remove and replace the ARC Chair at any time.

## **12. Participation of Non-Members**

- 12.1. The Chief Executive Officer (or a senior delegate) and the General Manager Corporate Services will attend all meetings of the ARC. Any Director who is not an ARC member is welcome to attend ARC meetings. The Council's accountants, external auditors, investment advisor, and other advisors will attend ARC meetings at the request of the ARC.

## **13. Remuneration**

- 13.1. ARC members who are also Directors will receive remuneration as outlined in the Director Remuneration Policy, while non-Director ARC members will be remunerated in line with the Remuneration Policy: Committees & Working Groups.

# **MEETINGS**

## **14. Frequency and Procedures**

- 14.1. The ARC will meet as determined by the ARC Chair in consultation with the Board Chair and Company Secretary to ensure it discharges its duties and responsibilities, at least once every calendar quarter. Meetings will be governed by the provisions of the Constitution relating to Board meetings in so far as they are applicable and are not inconsistent with any other directions of the Board.
- 14.2. A resolution arising at a meeting of the ARC must be determined by a majority of votes of ARC members present and eligible to vote. Non-members are not entitled to vote.
- 14.3. If the votes are equal, the ARC Chair shall not have a second casting vote in addition to their deliberative vote and the resolution is taken to be rejected.

## **15. Quorum**

- 15.1. A simple majority of ARC members who are present at a meeting (personally or in conference) constitutes a quorum.

## **16. Agendas, Papers, Minutes and other Records**

- 16.1. The Company Secretary will be responsible for arranging ARC meetings, preparing and circulating the agenda and papers one week before the meeting and maintaining records. A record of attendance and all declarations made by ARC members regarding conflicts of interest will be maintained.
- 16.2. Minutes of ARC meetings will be kept by the Company Secretary and distributed to the ARC for review within 14 days. Minutes should be confirmed as a true and correct record at the subsequent ARC meeting.

## **17. Reporting and Recommendations to the Board**

ARC reporting to the Board will include:

- 17.1. Minutes of each ARC meeting, provided to the Board with the papers for the next Board meeting;
- 17.2. A report from the ARC Chair (written or verbal) on the activities of the ARC at each Board meeting;

- 17.3. Before 31 December each year the ARC will provide the Chief Executive Officer and Board with its structured work plan for the following calendar year; and
- 17.4. Written reports or recommendations to the Board on any matter the ARC considers appropriate including any matters requiring direction from, or determination by, the Board.

## RELIANCE ON PROFESSIONAL ADVICE

- 18. The ARC may seek advice from any consultants or advisers of the Council to assist it in making any determination.

## PERIODIC REVIEW

- 19. The Board should review this Charter and the ARC's performance at least every two years, to ensure that the operation of the ARC meets the Board's requirements.

This Charter was approved by the Board on 28 March 2025.