



**Victorian Aboriginal Legal Service  
Finance and Audit Committee (FAC) Charter**

**Australian Company Number (ACN) [45926675900]**

**Australian Business Number (ABN) 45 926 675 900**

## 1. Introduction

- 1.1. The Victorian Aboriginal Legal Service Co-operative Limited (VALS) was established as a community controlled Co-operative Society in 1973. VALS plays an important role in providing referrals, advice/information, duty work or case work assistance to Aboriginal and Torres Strait Islander peoples in the State of Victoria.
- 1.2. The Finance and Audit Committee (FAC) is a standing sub-committee of the VALS Board established in accordance with the Board Charter. The Board Charter overrides any clause in this Charter should there be any inconsistencies.

## 2. Purpose

- 2.1. The purpose of the FAC is to assist the VALS Board in fulfilling its obligations through having focused oversight over VALS finance performance, internal control, financial statements and appointment of external and internal audit functions.
- 2.2. This Charter sets out the authority, responsibilities, membership and operations of the FAC, adopting principles of corporate governance and practices that align with applicable laws.

## 3. FAC Composition

- 3.1. The FAC will comprise of two Board Directors and one independent advisor (collectively the members), who are appointed and approved by the Board annually.
- 3.2. Each member serves a one year term on the FAC, and may be reappointed annually by the Board through a majority vote. The decision to reappoint members must consider:
  - Performance and independence discussions undertaken with the FAC Chairperson and Board Chairperson. Results of these performance and independence discussions will be documented and reviewed by the Board prior to reappointment.
  - The results of the FAC self-assessment process to ensure that FAC members possess the required skills and experience needed for committee membership.
- 3.3. The members, taken collectively, will have a broad range of skills and experiences. At least one member should have accounting or related financial management experience with an understanding of accounting and auditing standards in non-for-profit organisations.
- 3.4. The independent member or any other independent member invited by the FAC Chairperson to participate in FAC meetings to provide subject matter expertise will not have voting rights.
- 3.5. The CEO and CFO may also be invited to attend the meeting of the FAC to present on specific agenda items, however, they will not have voting rights.
- 3.6. The Board Treasurer will serve as the Chairperson of the FAC, and is appointed under clause 57 the Constitution of the South East Australia Aboriginal Justice Services Limited. At no point can the Board Chairperson serve as Chairperson of the FAC.

## 4. Role and Responsibility

### The FAC will:

- 4.1. Independently review and assess the effectiveness of VALS systems and controls for financial management.
- 4.2. Oversee VALS internal audit function.
- 4.3. Review annual financial statements and endorse to the VALS Board as to approve the statements.
- 4.4. Review and monitor all audit remedial actions taken to address internal control deficiencies.
- 4.5. Consider recommendations made by internal and external auditors relating to, or impacting on, financial management.
- 4.6. Complete self-assessments on an annual basis to identify gaps in member skills and experience and to assist with succession planning.
- 4.7. On an annual basis, develop a FAC skills matrix to identify and address any gaps in the mix of skills and experience needed for committee membership. The skills and experience should be regularly mapped to the skills matrix to identify any collective gaps or individual development areas.

### Funding Management

- 4.8. Review the Funding Management Framework established by VALS, including the expiry dates of significant funding arrangements.
- 4.9. Review at each meeting acquittals and other financial transactional detail of each fund.
- 4.10. Review and endorse for Board approval any report, acquittal or otherwise, to be provided by VALS to funders.

### Financial budget, statements and systems and controls

- 4.11. Review and endorse for Board approval the annual financial budget that has been prepared by VALS management.
- 4.12. Review information in the report of operations on financial management prior to provision to the Board.
- 4.13. Obtain assurance from the Chief Finance Officer (CFO) that financial reports (estimates and actuals) are presented fairly, and in accordance with applicable Australian Accounting Standards.
- 4.14. Review annual financial statements that have been prepared by the external auditor and endorse for Board approval.
- 4.15. Obtain assurance over the integrity of information relevant to financial management in the Annual Report.
- 4.16. Obtain assurance over compliance with relevant accounting legislation, standards and government requirements.

- 4.17. Obtain assurance over the budgets and financial projections and financial and performance reports.

#### Internal Audit

- 4.18. Annually review and endorse for Board approval the annual strategic internal audit plan based on the governance, risks and controls of VALS.
- 4.19. Endorse for Board approval the selection or removal of the internal audit and external audit provider.
- 4.20. Meet privately with the internal auditors without management to ensure free, frank and open communication at least once per year, at the discretion of the FAC Chairperson.
- 4.21. Monitor implementation of internal audit recommendations accepted by management and review impact of actions taken by management intended to resolve issues.

#### External Audit

- 4.22. Ensure the views of external audit, including those on accounting issues that may impact on the financial statements, financial management compliance or other relevant risks are considered.
- 4.23. Meet privately with external auditors without management to ensure free, frank and open communication at least once per year, at the discretion of the FAC Chairperson.

#### Compliance and financial laws, regulations and internal policies

- 4.24. Obtain periodic updates from management about the adequacy and effectiveness of the system for monitoring compliance with financial laws, legislation and internal policies and the results of management's investigation and follow-up (including any disciplinary action) of fraudulent acts or non-compliance.
- 4.25. Obtain regular updates from management and internal and external audit about compliance matters that may have a material impact on the VALS financial statements, strategy, operations or reputation.
- 4.26. Be satisfied that key regulatory compliance matters have been considered in the preparation of the financial statements.
- 4.27. Be satisfied that there are effective policies and processes for identifying, analysing and addressing complaints (including protected disclosure matters).
- 4.28. Be satisfied that there is a systematic process for the reporting and investigation of compliance breaches or potential breaches of financial laws and regulations.

#### Treasurer (Chairperson of the FAC)

- 4.29. In accordance with Clause 57 of the VALS constitution, the Treasurer will:
  - Review internal systems that maintain up-to-date records of all VALS transactions;
  - Review internal processes and control systems that protect VALS against theft and fraud by ensuring custody of money and prompt banking;
  - Provide to the Board information so that it understands and meets its financial obligations;

- Review all internal processes and reporting methods regularly;
- Provide leadership to the FAC, facilitating effective contribution of all Directors and promoting constructive and respectful relation between all directors and management;
- Oversee the development of FAC agenda, papers and its provision to Directors as required by the timelines specified in this Charter;
- Chair the proceedings of the FAC during meetings, assisting in the resolving of differences in opinions to enable resolution of decisions.
- Assist the Board Chairperson to continuously improve the performance of Directors with respect to financial literacy, through the provision of training, education and professional development.

### Secretariat

4.30. The Secretariat will:

- Prepare the FAC agenda in consultation with the FAC Chairperson and, if required, the CFO;
- Co-ordinate the timely completion and provision of FAC papers;
- Ensure that appropriate FAC records, including minutes are maintained; and
- Ensure that the FAC complies with this Charter and its internal corporate governance system.

## 5. Meetings and Administration

### Meetings

- 5.1. The FAC will meet on quarterly basis. The FAC may also convene where matters arise requiring immediate attention.
- 5.2. A quorum for any meeting will be two members who have voting rights, one of which must be the FAC Chairperson.
- 5.3. Should the FAC Chairperson be unable to attend a meeting, the FAC Chairperson may appoint an existing Board Director to Chair the meeting, providing the composition of the committee still contains the required financial and accounting skills. Alternatively the FAC Chairperson may choose to defer the meeting.
- 5.4. The agenda and relevant supporting documentation will be distributed to all FAC members at least 10 business days prior the meeting.
- 5.5. Minutes of the meetings will be taken by the Secretariat and distributed in draft within five business days after the meeting. Following approval of the draft by the FAC Chairperson, FAC members shall provide feedback within five business days of receiving the draft minutes.
- 5.6. FAC members must attend all scheduled meetings including meetings called on an ad-hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson.

- 5.7. FAC members may attend and be present physically or by electronic communication means. Members of senior management and professional advisors may attend meetings by other technological means.

#### Workplan

- 5.8. The Secretariat will develop an annual workplan based on areas of responsibility and major issues to be considered by the FAC. The basis of the workplan will mirror the key responsibilities outlined in the FAC Charter.

#### Conflict of Interest

- 5.9. FAC members must declare any conflicts of interest (actual or perceived) annually and at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately documented and resolved to the satisfaction of the FAC Chairperson (or Board Chairperson in the case of the FAC Chairperson).
- 5.10. Where FAC members are deemed to have a real or perceived conflict of interest it may be appropriate that they are excused from FAC deliberations on the issue where a conflict of interest exists. This decision resides with the FAC Chairperson (or the Board Chairperson in the case of the FAC Chairperson).
- 5.11. The FAC collectively, and each member individually, has the right to seek independent professional advice, subject to the approval of the FAC Chairperson, or in the FAC Chairperson's absence, the Board Chairperson.

#### Review of FAC Charter

- 5.12. The FAC will review at least annually the FAC Charter and endorsed for Board approval.

#### Committee Performance Evaluation

- 5.13. The FAC undertakes a self-assessment review as part of the annual self-assessment undertaken by the Board as a collective, and also through individual Director Assessment.
- 5.14. The FAC Chairperson, and in conjunction with the Board Chairperson, will undertake performance discussions with each of the members specifically with regards to their contribution to the FAC during their term of appointment.

## Appendix 1 – Board Charter Version Control

Reviewing and approving this Charter		
Frequency	Person responsible	Approval
Annually	Board of Directors	Chairperson Deputy Chairperson

Position Description review and version tracking			
Review	Date Approved	Approved by	Next Review Due
1			
2			
3			
4			
5			
6			
7			