



rt health Finance and Audit Committee Charter

June 2020

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1. Purpose

The Finance and Audit Committee (the **Committee**) is a committee of the Board of Railway and Transport Health Fund Ltd (the **Company**).

The purpose of this Committee Charter (the **Charter**) is to specify the authority delegated to the Committee by the Board and to set out the roles, responsibilities, membership and operation of the Committee.

2. Related policies

The following Policies and governance documents should be read in conjunction with the Charter:

- Constitution
- rt Group Board Code of Conduct
- rt Group Corporate Governance Policy and Framework
- rt Group Conflict of Interest Policy
- rt Group Fraud and Corruption Policy
- rt Group Inclusion and Diversity Policy

3. Authority

The Committee is established in accordance with the Constitution of the Company (the **Constitution**) and authorised by the Board of Directors of the Company (the **Board**) to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities.

The Committee has the authority and powers necessary to enable it to perform its functions as set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

The Committee has no decision-making authority unless expressly authorised by this Charter or the Board. Any matter requiring decision is to be referred to the Board with a recommendation. Unless permitted by this Charter the Committee is not responsible for supervising the performance of executives and does not become involved in day-to-day operations, management functions or decision making.

4. Composition

The Board will appoint the Committee members and the Chair of the Committee.

The Committee is to be composed of at least three non-executive Directors of the Board, with the majority comprised by independent Directors (refer to Appendix A for the definition of an independent Director).

The Chair of the Committee must be an independent Director and must not be the Chair of the Board. If not already a member, the Chair of the Board shall be an ex-officio member.

At least one member of the Committee must have professional accounting or finance qualifications, preferably to CPA or CA standard (or equivalent), with appropriate experience.

The Company Secretary will be the committee secretary unless otherwise determined by the Committee.

5. Responsibilities

5.1. Financial reporting

- a. Provide objective non-executive oversight and review of the effectiveness of rt Group's financial reporting framework.
- b. Review the appropriateness of accounting policies, including compliance with accounting standards.
- c. Ensure significant accounting estimates and judgements are appropriate.
- d. Review financial reporting required to be approved by the Board and make appropriate recommendations.

5.2. Budgeting, strategic financial management and capital management

- a. Oversee the preparation of the annual budget, including providing guidance on major budgeting assumptions.
- b. Oversee the preparation of the financial forecasts that support the strategic plan, including the Capital Management Plan.
- c. Review and recommend to the Board key capital management documents and monitor their application, including:
 - Capital Management Plan
 - Investment Policy, and
 - Liquidity Policy.
- d. Monitor and review all investment decisions made by management or authorised third party advisors.

5.3. Internal audit

- a. Ensure the internal auditor has a reporting line and unfettered access to the Committee.
- b. Ensure an appropriate program of internal audit activities is developed and conducted each financial year.
- c. Oversee the provision of internal audit services to the Company to ensure they are adequate, independent and competent.
- d. Regularly review and recommend to the Board the strategic internal audit plan and annual work program to ensure that it covers all material risks and processes.
- e. Satisfy itself that internal audit processes are clearly documented and subject to regular review.
- f. Review reports from the internal auditor in accordance with the approved program.
- g. Evaluate management's responsiveness to the internal auditor's findings and recommendations.
- h. Review the Internal Audit Charter.
- i. Oversee and endorse the appointment or removal of the internal auditor before changes occur, as appropriate.
- j. Meet privately with the internal auditor at least annually without the presence of management.

5.4. External audit

- a. Review and make recommendations to the Board on the appointment, rotation, and removal of the external auditor, as appropriate.
- b. Annually review the external auditor's independence, remuneration, performance, and terms of engagement.
- c. Review the scope and adequacy of the external audit plan, including whether it addresses the material financial reporting requirements and material risks.
- d. Review external audit findings to ensure issues are being managed and rectified in a timely manner and report to the Board as appropriate.
- e. Approve any engagement of the external auditors for non-audit related services, ensuring their independence is maintained.
- f. Meet privately with the external auditor at least annually without the presence of management.
- g. Ensure the external auditor has unimpeded access to raise matters directly with the Board or the Committee, including inviting the external auditor to attend Committee meetings to present the audit plan, discuss audit results and consider the implications of external audit findings.
- h. Ensure the external auditor attends the annual general meetings and is available to answer any questions on the audit from members.

5.5. Actuarial activities

- a. Review reports from the Appointed Actuary and oversee management's response to any significant recommendations.
- b. Review the annual Financial Condition Report before recommending it to the Board and monitor the implementation of any significant recommendations.
- c. Review the competence, performance, independence, scope of work, terms of engagement and fees of the Appointed Actuary and make recommendations to the Board.

5.6. Rate review

Oversee the annual rate review application before recommending it to the Board for approval.

5.7. Other

- a. Oversight of internal controls.
- b. Review statutory reporting to APRA, including as required under Prudential Standards.
- c. Oversee the implementation of major projects against approved plans and post implementation reviews under direction of the Board.
- d. Oversee monitoring of significant investments including joint ventures, partnerships, material investments and due diligence relating to mergers and acquisitions under the direction of the Board.
- e. Approve an annual work plan to ensure the Committee addresses its responsibilities under its charter.
- f. Ensure that the Company maintains policies and procedures for employees of the Company to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns. The Committee must also ensure that the Company has a process for ensuring employees are aware of these policies and for dealing with matters raised by employees under these policies.
- g. Other specific activities as requested from time to time by the Board.

6. Administrative matters

6.1. Meetings

The Committee will meet a minimum of four times a year and additionally as the Committee considers necessary to fulfil its role.

All Committee members are to attend each meeting in person or through other approved means, such as teleconference or video conference.

Directors who are not members of the Committee, as well as the Group CEO and Group CFO, have a standing invitation to attend each meeting, subject to exclusion as deemed appropriate by the Committee Chair from time to time. The Committee may invite other people to attend as it sees fit and consult with other people, or seek any information it considers necessary, to fulfil its responsibilities.

The Committee may ask management to present at meetings on issues relevant to the Committee's duties and responsibilities.

6.2. Convening and notice of meeting

Any Committee member may, and the Company Secretary must upon request from any Committee member, convene a meeting of the Committee. Notice will be given to every Committee member, of every meeting of the Committee. There is no minimum notice period and acknowledgement of receipt of notice by all Committee members is not required before the meeting may be validly held.

The agenda and supporting papers for each meeting should generally be distributed to Committee members at least seven days prior to the meeting.

6.3. Quorum

A quorum will be two members of the Committee.

6.4. Chair

In the absence of the Committee Chair, the Committee members must elect one of their number as Chair for that meeting. The Committee Chair has a casting vote.

6.5. Voting

Any matters requiring a decision, will generally be decided by consensus, or if consensus is not achievable, then by a majority of votes of Committee members present. Any Committee member may request a vote on a resolution that has been properly laid before the relevant Committee meeting.

The Committee may pass a resolution outside a Committee meeting if the resolution is sent to all Committee members entitled to vote on the resolution, and a majority of those Committee members sign a document or send an email stating that they are in favour of the resolution set out in the document.

Non-members attending Committee meetings by invitation of the Committee may take part in the business of, and discussions at, the relevant Committee meeting but have no voting rights.

6.6. Minutes

Minutes must be prepared, approved by the Chair and circulated to the Committee members for review as quickly as possible, and no later than the Corporations Act 2001 requirements. They must be ratified and signed by the Chair at the next meeting of the Committee. Minutes will be prepared by the Company Secretary if in attendance at the Committee meeting and otherwise the minute taker shall be agreed before the commencement of the relevant Committee meeting.

7. Reporting to the Board

The Board shall be kept informed of the Committee's activities by a report from the Chair of the Committee to the Board meeting following each Committee meeting and a copy of Committee meeting minutes being uploaded to the Diligent board software.

8. Role of management

Management is responsible for:

- Ensuring the Group's finance and audit activities are undertaken appropriately.
- Maintaining sufficient knowledge, skills and expertise within the finance and audit functions, including through external advisors.
- Reporting and presenting to the Committee on finance and audit matters and issues relevant to the Committee's duties and responsibilities.
- Ensuring all matters within the Committee's scope of responsibilities are appropriately communicated to the Committee.

9. Access to information and independent advice

The Committee will at all times have:

- free and unfettered access to the external and internal auditors, executive and senior management, financial control personnel, the Appointed Actuary and other parties (internal and external); and
- unrestricted access to resources and information the Committee considers relevant to its responsibilities.

The Committee will provide sufficient opportunity for the external auditor, internal auditor, Group CFO and the Appointed Actuary to meet privately with members of the Committee and to ensure that they have unfettered access to raise matters directly with the Board or the Committee at any time.

The Committee may seek independent professional advice, at the expense of the Company, if it is considered necessary for the proper performance of the Committee's responsibilities. The Chair of the Committee and the Company Secretary will facilitate the procurement of any such advice.

Committee members must be available to meet with the prudential regulator on request.

10. Review of the Charter

The Committee will review and assess the adequacy of this Charter and the performance of the Committee biennially or as required.

11. Document approval

This Charter was approved by the Board at its meeting held 17 June 2020.



Karen Birner
Company Secretary

Document control

Effective date	17 June 2020						
Version	2.0						
Document type	Board Committee Charter						
Responsible Officer	Chief Governance and Risk Officer						
Governing Authority	Finance and Audit Committee						
Approving Authority	Board of Directors						
Review frequency	Biennially or as required						
Date of next review	June 2022						
Revision history	<table border="0"> <tr> <td>1.0</td> <td>Jun 2019</td> <td>First edition of Charter in effect</td> </tr> <tr> <td>2.0</td> <td>Jun 2020</td> <td>Annual review; new template; update for APRA CPS 510</td> </tr> </table>	1.0	Jun 2019	First edition of Charter in effect	2.0	Jun 2020	Annual review; new template; update for APRA CPS 510
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Appendix A – Director independence ¹

A Director is **not** independent if the Director:

1. is a substantial shareholder of the APRA-regulated institution or an officer of, or otherwise associated directly with, a substantial shareholder of the institution;
2. is employed, or has previously been employed in an executive capacity by the APRA-regulated institution or another member of the Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
3. has within the last three years been a principal of a material professional adviser or a material consultant to the APRA-regulated institution or another member of the Group, or an employee materially associated with the service provided;
4. is a material supplier or customer of the APRA-regulated institution or another member of the Group, or an officer or otherwise associated directly or indirectly with a material supplier or customer; or
5. has a material contractual relationship with the APRA-regulated institution or another member of the Group other than as a Director.

¹ CPS 510 (Governance), Appendix A – Director independence.