

# **Western Sydney Football Club Limited**

## *Audit and Risk Committee Charter*



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# **1. Foundation**

## **1.1 Purpose**

The Audit and Risk Committee (**Committee**), appointed by the Board assists the Board in fulfilling its oversight responsibilities relating to the:

- (a) preparation and integrity of the Club's financial accounts and statements;
- (b) internal controls, policies and procedures that the Club uses to identify and manage business risks;
- (c) Club insurance activities;
- (d) qualifications, independence, engagement, fees and performance of the Club's External Auditor;
- (e) External Auditor's annual audit of the Club's financial statements; and
- (f) Club's compliance with legal, regulatory requirements and compliance policies.

The existence of the Committee does not imply the fragmentation or diminution of the role of the Board to ensure the integrity of the Club's financial reporting.

## **1.2 Authority**

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

- (a) perform the activities required to address its responsibilities and make recommendations to the Board;
- (b) resolve any disagreement between Management and the External Auditor, with areas of significant disagreement advised to the Board;
- (c) select, engage and approve fees for any professional advisers that the Committee may require to carry out its duties;
- (d) require the attendance of any Club manager or staff member at meetings as appropriate; and
- (e) have unrestricted access to management, employees and information it considers relevant to its responsibilities under this charter.

## **1.3 Membership**

- (a) The Committee appointed by the Board consists only of non-executive Directors and shall comprise at least three Members.
- (b) The Committee Members shall be:
  - (i) "financially literate" as defined by the Board, (i.e. able to read and understand financial statements and challenge information presented in Committee meetings); and

- (ii) at least one Member shall have “accounting or related financial expertise” as defined by the Board.
- (c) Committee member rotation is encouraged.
- (d) The Company Secretary or their designate is the Committee Secretary.

#### **1.4 Chairman**

- (a) The Board Chairman proposes the Committee Chairman for approval by the Board. The Committee Chairman must not be the Chairman of the Board.
- (b) Should the Committee Chairman be absent from a meeting, the Committee Members present must appoint a Chairman for that particular meeting, who should not be the Chairman of the Board.

#### **1.5 Education**

The Board is responsible for providing new Committee members with an appropriate induction program and ongoing educational opportunities.

#### **1.6 Meetings**

- (a) The Committee must meet at least quarterly and participants may attend by video conference and/or teleconference.
- (b) The Board Chairman, any Committee Member or the Committee Secretary may call a meeting of the Committee.

#### **1.7 Meeting Attendance**

- (a) Any person may be invited by the Committee Chairman to attend meetings of the Committee, but not necessarily for the full duration of the meeting. A standing invitation shall be issued to:
  - (i) Chief Executive Officer
  - (ii) Chief Financial Officer (Finance Manager)
  - (iii) Engagement Partners of the External Audit Firm
  - (iv) Other appropriate General Managers
- (b) Other Directors have a standing invitation.

#### **1.8 Quorum and Voting**

- (a) A quorum must consist of two members of the Committee.
- (b) The Committee Chairman shall not have a second or casting vote.

#### **1.9 Minutes**

The Committee Secretary or delegate must prepare the minutes of the Committee meeting within seven (7) working days. After the Committee Chairman has given

preliminary approval, the draft minutes are circulated to all Committee members and the other Directors.

### **1.10 Reviews**

The Committee will review at least annually the Committee charter and recommend to the Board for approval any appropriate amendments.

## **2. Duties and Responsibilities**

In assisting the Board in fulfilling their responsibilities, the duties of the Committee shall be:

- (a) Assessment of financial information
  - (i) Review with management and external auditor any significant accounting and reporting issues, including professional and regulatory announcements and to understand their effect on the Club's financial statements.
  - (ii) Review with management and external auditor the annual financial statements of the Club, including budgets, which require approval of the Board and discussion of the financial statements with the External Auditor and management before submission to the Board.
  - (iii) Review, at least annually, the written attestations provided by the Chief Executive Officer and Chief Financial Officer (Finance Manager).
  - (iv) Review, for potential conflicts of interest situations, and pre-approve all related party transactions on an ongoing basis.
- (b) External Auditor
  - (i) Recommend to the Board the appointment, evaluation and dismissal of the External Auditor, including independence matters.
  - (ii) Review and approve the External Auditor's proposed audit plan and audit approach, including materiality levels.
  - (iii) Review and agree on the terms of engagement and the audit fees for the External Auditor prior to the commencement of each audit.
  - (iv) Review the External Auditor's summary management report, detailing the results and significant findings from the audit, and management responses.
  - (v) Meet regularly with the External Auditor, without management present.
- (c) Business Risks and Internal Controls
  - (i) Recommend the approval of the Club's risk management policy to the Board and oversee the risk management system and its resourcing.
  - (ii) Recommend to the Board and monitor the Club's risk profile developed by management, covering the principal enterprise-wide risks, including

strategic, operational, legal and financial.

- (iii) Review the operational effectiveness of the policies and procedures relating to risk and the Club's internal control environment.
  - (iv) Review the effectiveness of the Club's insurance activities.
- (d) Legal and Regulatory Risk
  - (i) Assessing and prioritising the areas of greatest legal and regulatory risk.
  - (ii) Assessing the internal process for determining, monitoring and managing areas of greatest legal and regulatory risk.
  - (iii) Receiving reports from management of any actual or suspected fraud, theft or other breach of the law.
  - (iv) Monitoring compliance with legal and regulatory obligations.
  - (v) Reporting and making recommendations to the Board regarding:
    - (A) the management of areas of greatest legal and regulatory risk (including fraud and theft); and
    - (B) compliance with legal and regulatory obligations
  - (vi) Receiving and reviewing reports from the senior compliance manager.
  - (vii) Compliance with the terms of the AFL Licence Agreement.
- (e) Compliance
  - (i) Review the effectiveness of the Club's approach to achieving compliance with laws, regulations, industry codes and Club policies.
  - (ii) Review any correspondence from regulatory bodies regarding significant issues.
  - (iii) Ensure that there is a process in place for the Board Chairman and Committee Chairman to be immediately informed of any issue of significant non-compliance or litigation – when implemented.
- (f) Reporting
  - (i) The Committee Chairman will report to the Board on the Committee meetings regarding all relevant matters and appropriate recommendations in a written report (with supporting material) for noting or approval by the Board.
  - (ii) The Committee Chairman will ensure that the Board Chairman and the Board are immediately informed of matters that may impact significantly on the financial condition or reputation of the Club.

### 3. Audit and Risk Committee Annual Agenda

	Scheduled meetings	
<b>Foundation</b>		
Review Audit and Risk Committee charter and Annual Agenda		
Assess Committee's independence, financial literacy, skills and experience		
Establish number of meetings for forthcoming year		
Committee Chair to establish meeting agenda and required attendees		
Enhance financial literacy – update on current financial events		
Perform an assessment of the Committee's and individual Members' performance		
<b>Assessment of financial information</b>		
Review significant accounting and reporting issues		
Review financial matters affecting the year end		
Review and approve annual financial statements		
Review attestations of the Chief Executive Officer and Chief Financial Officer for Australian reporting		
Review with Management its evaluation of Club's internal control structure and procedures for financial reporting, including any significant deficiencies or material weaknesses		
Review and discuss any reports submitted by the External Auditor detailing any instances of fraud or possible illegal acts on the part of Senior Management		
Review process, policies and procedures for continuous disclosure obligations		
Review conflicts of interest and related party transactions		
<b>External Auditors</b>		
Recommend appointment and review performance		
Review audit plan and scope of audit work and any changes thereto		
Approve audit fees and terms of engagement		
Consider policy in relation to non-audit services		
Review and pre-approve non-audit services		
Consider objectivity / independence and obtain confirmation from External Auditor		
Review External Auditor's report and findings and progress on Management actions		
Discuss any significant changes in accounting standards		
Discuss appropriateness of accounting policies, estimates and judgements		
Discuss External Auditors' view on control environment, including fraud risk management		
Resolve any disagreement between Management and the External Auditor in the financial reporting and report any significant issues to the Board		
Discuss issues with External Auditor in the absence of Management		
On going communication (written / oral) of the External Auditor with the Committee		
Review report from External Auditor on quality control procedures		
Review the External Auditor's process for rotation		
<b>Business Risk and Internal Controls</b>		
Recommend the approval of the risk management policy to the Board		
Review and monitor business risks and internal controls and report to the Board		

	Scheduled meetings	
Ensure executive remuneration risk and controls are linked to the overall risk profile		
Review insurance activities		
<b>Reporting</b>		
Maintain minutes and report to the Board		