

<b>Authorising Committee/ Department:</b>	Board
<b>Responsible Committee / Department:</b>	Corporate Governance and Risk Committee
<b>Document Code:</b>	<b>REG OPCEO Audit Committee</b>

### BACKGROUND

In May 2013, The Royal Australian and New Zealand College of Psychiatrists (RANZCP) established a new committee called the Audit Committee (AC). This change was as a result of the implementation of a new governance model that was passed by the Fellowship in August 2012.

The audit function was previously the responsibility of the Resource Management Committee (RMC), which under the new governance model, is called the Finance Committee.

### 1. ROLE

The primary objective of the Audit Committee (AC) is to oversee and monitor the College's audit processes, including the College's internal control activities.

### 2. RESPONSIBILITIES

The Audit Committee will be responsible for assisting the Board in the College's governance and exercising of due care, diligence and skill in relation to:

- a) Monitoring and reviewing overall audit policy, financial planning and financial strategies of the College, and the process for their implementation.
- b) The application of accounting policies.
- c) Financial management.
- d) The Audit Committee Chair, in conjunction with the Finance Committee Chair sign the Directors' declaration for the annual financial statements.
- e) The protection of the College's assets.
- f) Compliance with applicable laws, regulations, standards and best practice guidelines.
- g) Monitoring the College's exposure to fraud.
- h) Ensuring the College's financial systems is audited annually.
- i) Recommending to the Board the appointment and terms of engagement of the external auditors and their audit plan.
- j) Providing a forum for communication between the Board and the internal and external auditors.
- k) Ensuring the independence of the external auditor.
- l) Reviewing the annual declaration of independence from the external auditors.
- m) Reviewing the performance of the external auditors.
- n) Development and implementation of an annual audit plan.
- o) Identifying risks associated with the audit function, in accordance with the College's Risk Management Policy, and for reporting high level risks to the Board, with recommendations for mitigation.

### **3. REPORTING RELATIONSHIPS**

- a) The Audit Committee is formally appointed by the Board of Directors and is responsible to the Board. It shall report on its activities to each meeting of the Board, or as required.
- b) The Committee will work closely with the Chief Executive Officer (CEO) and Senior Management to ensure its responsibilities are met.
- c) It is expected that the Audit Committee may meet with the Auditors without the CEO and senior management present.

### **4. COMPOSITION / MEMBERSHIP**

Membership of the Audit Committee will comprise:

- President Elect
- Chair, Finance Committee
- Chair, Corporate Governance and Risk Committee
- An additional Board Director may be appointed by the President in consultation with the Board. The term will be for 12 months and will be reviewed in May of each election year.
- Fellow (independent)

The CEO will be in attendance at meetings as required, and is a non-voting member.

### **5. APPOINTMENTS**

#### **5.1 Chair**

- a) The Chair shall be the President Elect.
- b) The term of office for the Chair shall be in accordance with the Elected Director's term and shall commence from the conclusion of the Annual General Meeting in the election year in which he/she was elected or such later date, when a successor is elected.

#### **5.2 Members**

The term of office for ex-officio committee members shall coincide with their term as President Elect; Chair, Finance Committee; and Chair, Corporate Governance and Risk Committee.

#### **5.3 Fellow (independent)**

- a) Nominations for the Fellow (independent) member position are called from amongst the Fellows of the College, and the member is appointed by the Board.
- b) The term of office of the member shall be two (2) years from the conclusion of the Annual General Meeting in the election year in which he/she was elected or such later date when a successor is appointed.
- c) The member will be eligible for re-appointment to this position to serve a maximum of three (3) consecutive terms ie.6 years.

#### **5.4 Co-opted Members**

- a) The Committee may co-opt additional members with particular specified knowledge and/or expertise from time to time.
- b) The number of co-opted members shall be a maximum of two. The need for co-opted members shall usually be reviewed by the Committee each two years at the time of elections to the committee, but may be reviewed more frequently as considered necessary.
- c) Co-opted members of the Committee shall not have voting rights.

d) Co-opted members would be expected to maintain confidentiality of the meetings' proceedings.

### **5.5 Casual Vacancies**

- a) In the event of a casual vacancy the Board shall appoint a replacement.
- b) The casual vacancy appointment shall be for the remainder of the term.
- c) A person appointed as a casual vacancy shall be eligible for appointment in accordance with this Regulation. For the purposes of this Regulation, the period of time served as a casual vacancy shall not be counted as a period of membership

### **5.6 Observers**

- a) The AC may invite persons from time to time to attend some or parts of a Committee meeting as an Observer.
- b) Observers are expected to maintain confidentiality of the meeting's proceedings.
- c) The number of observers will be at the discretion of the Committee.
- d) Observers shall not have voting rights.
- e) The need for observers shall be reviewed by the Committee each year.

## **6. POWERS AND DELEGATION**

The Committee shall observe any regulations or directions that may from time to time be imposed upon it by the Board.

Pursuant to Article 8.2 of the Constitution –

- “The Board may delegate any of its powers (other than that of delegation) to any person or Committee”.
- “The Board may revoke any delegation of its powers by ordinary resolution”.
- “Any Committee exercising the delegated power of the Board shall comply with all Regulations and any conditions or limitations that may be imposed by the Board”.

## **7. LIMITATION ON POWERS**

Pursuant to Articles 14.1, 14.3, 14.4 and 14.5 of the Constitution –

- “The Board may establish committees comprising such persons as the Board determines or otherwise determined in accordance with the Regulations”.
- “The Board shall determine the powers and duties of each Committee (its “Terms of Reference”) and each Committee shall in the exercise of its powers comply with the Regulations and its Terms of Reference”.
- “Unless specifically provided for in the Regulations or its Terms of Reference, a Committee may not make any determination of policy for the College, but may provide advice to the Board on any area falling within its Terms of Reference to assist the Board”.
- “Each Committee shall make such reports and recommendations to the Board as the Board reasonably requires.”

## **8. COMMITTEE SUPPORT**

The Committee shall be supported by relevant staff of the College. In particular, the Chief Executive Officer, Senior Department Manager – Financial Services and Finance Manager shall be available to attend meetings of the Committee. Other staff members may be requested to attend on an as-required basis. No employees of the College have voting rights on any College committee.

## **9. REVIEW**

- a) Pursuant to Article 14.8 of the Constitution, "The Board shall review the need for each Committee and the members thereof at least every two years".
- b) These Regulations shall be reviewed two (2) years from commencement.

## **10. OPERATION OF THE COMMITTEE**

### **10.1 Meetings**

- a) The Committee may meet for the transaction of business and adjourn and otherwise regulate its meetings as it thinks fit, taking into account budget implications.
- b) Meetings of the Committee may be in person, by telephone or other telecommunications or electronic means at the discretion of the Chair.
- c) The Chair may convene a meeting of the Committee by written notice to members of the Committee. An agenda shall be circulated in advance of the meeting.

### **10.2 Meeting Attendance**

- a) If a Chair is unable to attend three consecutive Committee meetings, the Chair should raise this with the Chair of the relevant parent committee and/or the appropriate Board constituent Committee Chair.
- b) It is expected that a committee member will attend all meetings of the Committee. However, it is acknowledged by the College that an individual's work and family commitments/responsibilities may prevent a member from attending a meeting.
- c) If a committee member is unable to attend a meeting, the Chair and/or relevant staff member should, where possible, be advised as soon as possible in advance of the meeting.
- d) Non-attendance at three consecutive meetings will be reviewed by the Chair in consultation with the individual member concerned. If it is agreed that the committee member needs to step down from the committee, a casual vacancy shall arise.

### **10.3 Notice of Meetings**

- a) At least 24 hours notice of a meeting of the Committee must be given to each Committee member specifying the place, time and date of the meeting.
- b) Notice may be given in writing, by email, by fax, by telephone or other electronic and appropriate means.

### **10.4 Chair**

- a) The Chair shall preside at all meetings of the Committee.
- b) If the Chair knows prior to a meeting they will not be able to attend, they can delegate a Committee member to Chair that meeting.
- c) If the Chair is not present at any meeting of the Committee within fifteen minutes after the time appointed for holding the meeting the members present shall elect a Committee member present to chair the meeting.

### **10.5 Quorum**

- a) For items involving a change or establishment of policy/procedure/process or matters of great complexity, as determined by the Chair, the quorum for a meeting shall be 50% whether held face-to-face, via teleconference or out-of-session by email vote. Decisions will be recorded in the minutes and circulated within the College's usual processes.
- b) For items which are deemed to apply an already approved policy/procedure/process to a set of facts or extending an established decision, the Chair in consultation with any other committee members present (face-to-face, teleconference or email), shall make the decision, in consultation with the

Senior Manager, or Chief Executive Officer. Decisions will be recorded in the minutes and circulated within the College's usual processes.

- c) The Committee may act notwithstanding any vacancy on the Committee.

### **10.6 Proxies**

Committee members are unable to appoint a proxy to attend a meeting on their behalf.

### **10.7 Voting**

- a) All Committee members, except co-opted members, observers and those without authority to vote, shall have full voting rights.
- b) Decisions arising at a meeting of the Committee shall be decided by a majority of votes of members present and voting.
- c) A decision by a majority of the members present and voting is for all purposes a decision of the Committee.
- d) The Chair of the meeting has a casting vote in addition to a deliberative vote where there is an equality of votes

### **10.8 Written Resolution**

A written resolution signed or approved by electronic mail by 50% of all members (other than any member on leave of absence) is taken to be a decision of the members passed at a meeting of the Committee duly convened and held.

### **10.9 Minutes of Meetings**

- a) A written record of all proceedings of Committee meetings shall be kept by the College.
- b) Draft minutes of all meetings should be promptly circulated to all Committee members.
- c) The minutes of the Committee's meeting will be submitted to the Board meeting held immediately following the Committee's meeting.

### **10.10 Defects in Appointment or Qualification of a Committee Member**

All acts done in good faith by a meeting of the Committee or by any person acting as a Committee member will be valid and effective notwithstanding that it is afterwards discovered that there was some defect in the appointment of that person or that the person was disqualified from acting for any reason.

### **10.11 Conflict of Interest and Confidentiality**

- a) All people attending a meeting of the Committee must declare any conflicts of interest to the Chair. Conflicts of interest will be managed and declared in accordance with the College's Conflict of Interest Guideline.
- b) The Committee must maintain a Conflict of Interest Register.
- c) Each member of the Committee, including co-opted and observer members, must sign a Deed of Undertaking relating to Confidentiality and Conflict of Interest.
- d) The Deed is valid for the period of time the member is part of the Committee and after they have finished on the Committee, particularly in relation to confidentiality.
- e) All signed Deeds must be forwarded to the College's Governance Officer.

### **10.12 Other Committees of the Audit Committee**

The Audit Committee may establish Subcommittees or Working Groups. This must occur in consultation with the relevant Executive Manager. Approval to establish a Subcommittee or Working Group must be sought from the Finance Committee (for budget purposes), the Corporate Governance and Risk Committee (CGRC) and the Board.

### **10.13 Financial Responsibility**

- a) The Committee must develop an annual budget based on the budget process developed by the College in conjunction with the College's Finance Department.
- b) The Committee is required to operate in accordance with College Policy, processes and within the budgetary constraints as determined by the Board. Any spending above and beyond the allocated budget requires explicit authorisation as per the College's Delegation of Authority Policy.

### **11. MEDIA & AUTHORISED STATEMENTS**

- a) With respect to making media or other external comment or representation, the College's Media and Communications Policy (available on the RANZCP website) should be consulted and adhered to.
- b) Pursuant to Articles 8.4.1 and 8.4.2 of the Constitution, "the President or the Board may authorise any Committee or individual to represent the College before any government or governmental body or committee or to make statements or express views on behalf of the College. The authority may be given generally or for a specific situation and may be given on such conditions as the President or the Board thinks fit. Unless duly authorised to do so under this Article, no Member may make any statement or express any view which purports to be a statement or view of the College or as having been made or expressed on behalf of or with the concurrence of the College".

### **12. INTERPRETATION**

The Regulation shall be known as the "Audit Committee".

- "Article(s)" means an article or clause of the Constitution.
- "Affiliate" means a Member admitted pursuant to Article 3.5 of the Constitution.
- "Associate" means a Member admitted pursuant to Article 3.4 of the Constitution.
- "Board" means the board of the College established under the Constitution, each member of which shall be a Director of the College.
- "Carer" - a family member, friend or another whose life, because of their active caring and supporting role, has been affected by their close association with an individual who has, or who has had experience of mental illness.
- "Casual Vacancy" means a position that becomes vacant before the expiration of the term for which the holder was elected. A successor shall, if the term has not then expired, be appointed to hold the place from the date of his/her appointment until the expiration of the original term or the next election/appointment period (whichever is first). The period of time served as a casual vacancy shall not be counted as a period of office. A Casual Vacancy has voting rights.
- "Co-opted" means a person that has been co-opted for their area of expertise or knowledge of a particular area. A co-opted member is a nonvoting member.
- "College" or RANZCP means The Royal Australian and New Zealand College of Psychiatrists
- "Committee" means the Audit Committee.
- "Community Member" encompasses Carers, Consumers and Community organisation Representatives as defined here.
- "Community Organisation Representative" – a representative (s) of non-government, community based or mental health-based organisations or volunteer organisations.
- "Consumer" means an individual who has, or has had experience of mental illness.
- "Constitution", means the Constitution of The Royal Australian and New Zealand College of Psychiatrists (August 2012).
- "Election Year" means the year the College Constitution came into effect and every second year thereafter.

- “Ex-officio” means a member of a body (the Board, Committee, Faculty, Section etc) who is part of it by virtue of holding another office. Ex-officio (excepting College staff) members are voting members.
- “Elected” means the formal election process undertaken to elect a member. Call for nominations (from amongst the Fellows) must be undertaken and conducted in accordance with this Regulation. If a ballot is required, the method of voting will be “first past the post”.
- “Fellow” means a Member who holds Fellowship of the College pursuant to Article 3.3 of the Constitution.
- “Fellow (independent)” means a Fellow from the general Fellowship, i.e. a Fellow who is not representing another College Committee or an external organisation.
- “Financial year” shall be defined in the same manner as for the activities of the Board of the College.
- “General Meeting” means a general meeting of the College.
- “Terms of Reference” are the powers and duties of each Committee and are determined by the Board.

### 13. ASSOCIATED DOCUMENTS

- Board and relevant Board Constituent Committee Regulations
- Audit Committee Regulations and Position Descriptions
- Finance Committee Regulations and Position Descriptions
- RANZCP Constitution, Media and Communications Policy, Code of Conduct, Code of Ethics, Conflict of Interest Guideline and Conflict of Interest Register, Risk Management Policy and Risk Register, Document Approval Pathway Procedure, and website.
- Deed of Undertaking in relation to Confidentiality and Conflict of Interest
- Corporations Act 2001
- ACNC and ASIC legislation

### REVISION RECORD

<b>Contact:</b>	<b>Louise Hain, Manager Governance and OPCEO</b>		
<b>Date</b>	<b>Version</b>	<b>Approver</b>	<b>Description</b>
17/11/2012	1.0	GC2012/4 R52	New document
<b>09/2016</b>	1.1	Manager, Governance and OPCEO	Regulations updated to include new and updated wording relating to conflicts of interest, meeting attendance, quorum, written resolutions, other committees, additional Board Director on constituent committees, trainee and overseas trained psychiatrist representatives on College committees and associated documents.
<b>11/2017</b>	1.2	Senior Manager, Corporate Governance and Risk	Updated to reflect administrative changes and appropriate related resources.
<b>09/2018</b>			<b>NEXT REVIEW</b>