

**GRAFTON DIOCESAN GOVERNANCE ORDINANCE 2008
AMENDING (DIOCESAN AUDIT COMMITTEE) ORDINANCE 2013**
Ordinance No. 9 of 2013

An Ordinance to amend the Grafton Diocesan Governance Ordinance 2008 relating to the Diocesan Audit Committee.

PREAMBLE

WHEREAS presently the responsibilities and duties of the Diocesan Audit Committee of the Diocese of Grafton are contained within Chapter 19 of the Grafton Diocesan Governance Ordinance 2008 AND WHEREAS it is desirable to have the Ordinance amended THEREFORE the Bishop, Clergy and Laity of the Diocese of Grafton decree and enact as follows:

AMENDMENT

1. Chapter 19 of the Grafton Diocesan Governance Ordinance is amended by deleting the present Chapter 19 and substituting in place thereof the Schedule to this Ordinance.
2. This Ordinance may be cited as The Grafton Diocesan Governance Ordinance 2008 Amending (Diocesan Audit Committee) Ordinance 2013
3. This Ordinance shall come into effect upon receiving the assent of the Bishop.

ASSENT

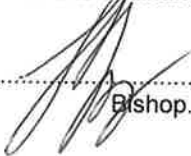
I hereby certify that the Ordinance as printed is in accordance with the Ordinance as passed.


.....
Chairman of Committees

I certify that this Ordinance was passed by Synod on the ^{13th} day of October, 2013.


.....
Registrar CACTOAG

I assent to this Ordinance.


.....
Bishop. Dio. Admin

**GRAFTON DIOCESAN GOVERNANCE ORDINANCE 2008
AMENDING (DIOCESAN AUDIT COMMITTEE) ORDINANCE 2013**

SCHEDULE

CHAPTER 19 - DIOCESAN AUDIT COMMITTEE

226 Objectives

- 226.1 The Audit Committee is appointed by Bishop-in-Council to provide independent assurance on the appropriateness of the Diocesan accountability and control framework, which, over time, is expected to enhance the quality and consistency of financial information provided to and issued by Bishop-in-Council.
- 226.2 The Audit Committee should primarily consider “big picture” strategic implications on the Diocese in undertaking its responsibilities.
- 226.3 The Audit Committee’s role is to discharge its responsibilities in respect of the specified entities by oversight of the following:
- (a) systems that ensure compliance with legal requirements, ethics and Diocesan policy relating to financial disclosure;
 - (b) the adequacy of internal controls and risk management procedures,
 - (c) the scope and performance of internal audit;
 - (d) the scope and performance of External Audit;
 - (e) financial reporting to and by the specified entities; and
 - (f) other matters delegated by Bishop-in-Council from time to time.
- 226.4 The specified entities are:-
- (a) Bishop-in-Council,
 - (b) The Corporate Trustees of the Diocese of Grafton,
 - (c) Anglican Funds Grafton Diocese, and
 - (d) Any other Diocesan entity nominated by Bishop-in-Council.

227 Membership

- 227.1 The Audit Committee will be appointed by Bishop-in-Council and will comprise not less than three, and up to five members, all of whom

will be non-executive members. At least one member will be a member of Bishop-in-Council.

- 227.2 None of the Bishop, Registrar, Diocesan Treasurer, or those in a similar position in any of the specified entities will be members of the Audit Committee.
- 227.3 Bishop-in-Council shall appoint one of the Audit Committee members to serve as the Audit Committee Chairperson.
- 227.4 At least one member of the Audit Committee shall have expertise in financial reporting.
- 227.5 At least one member shall have knowledge of the legal framework of the Anglican Church of Australia, particularly the Diocese and its organisations.
- 227.6 The Diocese will provide a suitable Secretary to the Audit Committee.
- 227.7 Each member of the Audit Committee should be capable of making a valuable contribution to the Committee. It is expected that each member will obtain an understanding of the detailed responsibilities of the Committee and of the operations and business-related risks to the Diocese as a whole from any of the specified entities.

228 Attendance at Meetings

- 228.1 The quorum for any Committee meeting shall be two-thirds of the members.
- 228.2 The Committee may meet as necessary to meet its obligations under this Chapter, but in any event not less than three times per annum. The Committee may convene special meetings as required. The Bishop or Registrar may request meetings as they reasonably consider necessary.
- 228.3 The Audit Committee may invite such other persons to its meeting, as it deems necessary. However, Audit Committee members may not have a substitute representative attend on their behalf. The Registrar and Diocesan Accountant may be invited to attend Audit Committee meetings.
- 228.4 The Secretary shall provide the Committee with papers in relation to agenda items at least three working days prior to the meeting. The

Secretary shall attend all meetings to ensure that a record of meetings is maintained and, after approval of the Chair of the Audit Committee, is circulated promptly to members, Bishop-in Council, the External Auditor, and relevant Diocesan organisations as appropriate.

229 *Right to Access and Information*

229.1 Synod and Bishop-in-Council may authorise the Audit Committee, within the scope of its responsibilities, to:

- (a) seek any information it requires from:
 - (i) any employee (and all employees are directed to co-operate with any reasonable request made by the Audit Committee); and
 - (ii) external parties;
- (b) obtain outside legal or other professional advice, subject to the appropriate delegations; and
- (c) request the attendance of Diocesan officers at meetings as appropriate.

230 *Independence*

230.1 The Audit Committee has no executive powers in relation to the operations of the Diocese. It functions in an oversight and review role.

230.2 The primary responsibility for financial and other reporting, internal control and compliance with legislation, regulations and ethics within the Diocese rests with executive management.

230.3 The Audit Committee is directly accountable to Bishop-in-Council.

230.4 Members with real or perceived conflicts of interests will notify the Audit Committee as soon as these issues become apparent. Any member with an actual or perceived conflict of interest will excuse themselves from discussions at the point of decision.

231 *Duties and Responsibilities - Internal Control*

231.1 With respect to the internal control environment, the Committee shall:

- (a) evaluate whether management has maintained a sound environment for financial administration, which inter alia will

include a competent financial officer, an effective Diocesan finance committee and suitably experienced independent auditors who understand their role. Where this environment does not exist, the Audit Committee should encourage change towards best practices;

- (b) evaluate whether management is providing the appropriate control environment by communicating the importance of internal control, and management of risk, including fraud risk, and ensuring that all employees have an understanding of their roles and responsibilities. This includes the oversight of controls over the engagement and conduct of external parties including contractors, advisers and outsourcing arrangements;
- (c) review management's assessment of the adequacy of internal control processes and systems and plans for business continuity and review internal control policies and procedures;
- (d) confirm that internal control recommendations made by Internal Audit and the External Auditor have been implemented by management.
- (e) evaluate whether management has implemented appropriate systems to manage the risk of fraud, defalcation or theft;
- (f) review management's efficiency in minimising risks flowing from non-financial legislation, regulation or policy such as in the area of Work Health and Safety, Professional Standards or any other.

232 Financial Reporting - General

232.1 With respect to the control of reporting of financial information and the appreciation of risk management policies the Committee shall:

- (a) satisfy itself, in consultation with the Bishop and the External Auditor, that management is effectively managing the current areas of financial and business risk;

- (b) immediately refer to the Bishop and the External Auditor the suspicion of any fraud or identified fraud and the suspicion of any illegal activity or identified illegal activity brought to the Committee's attention;
- (c) consider referring to the External Auditor any deficiencies in internal control or other similar issues that are brought to the Committee's attention
- (d) ensure management has considered significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (e) consider any legal matters brought to its attention that could significantly impact the financial statements.

233 Annual Financial Statements

233.1 The Committee shall review the annual financial statements of the specified entities and determine whether they are consistent with the information known to members.

233.2 The Committee shall assess whether the financial statements reflect appropriate accounting principles and the disclosure of appropriate financial performance measures. The Committee shall:

- (a) focus on judgmental areas, for example those involving valuation of assets and liabilities, guarantees, environmental liabilities, litigation reserves, commitments, contingencies and complex or unusual transactions;
- (b) meet with management and the External Auditor to review the financial statements and the results of the audit.
- (c) review the annual report before its release and consider whether the information is reasonably consistent with the Diocese and its operations.

234 Internal Audit

234.1 The Committee shall review and approve the plans, activities and organisational structure of the Registry Office and other relevant entities

and ensure that they have no unjustified restrictions or limitations. The Committee shall:

- (a) review the qualifications of the Registrar, Diocesan Accountant and other Registry personnel involved in risk and financial management;
- (b) ensure that management responds to recommendations by the Committee or External Audit.

235 External Audit

235.1 The Committee shall:

- (a) review the External Auditor's proposed audit scope and approach and ensure no unjustified restrictions or limitations have been made;
- (b) review the performance of the External Auditor in its dealings with the Diocese;
- (c) monitor the independence of the External Auditor, including the review and approval in advance of any non-audit services to be contracted by the Diocese from the External Auditor;
- (d) make recommendations to Bishop-in-Council regarding the appointment and reappointment of the External Auditor.
- (e) meet separately with the External Auditor to discuss any matters that the Audit Committee or auditors believe should be discussed privately. The Committee shall ensure that significant findings and recommendations made by the External Auditor are received and discussed on a timely basis; and
- (f) ensure that management responds to recommendations made by the External Auditor.

236 Compliance with Legislation and Regulations

236.1 With respect to the oversight of the Compliance monitoring system, the Committee shall:

- (a) review the effectiveness of the system for monitoring compliance with legislation and regulations and the results

- of management's investigation (including disciplinary action) of any fraudulent acts or non-compliance;
- (b) obtain regular updates from management, with legal advice as necessary, regarding compliance matters;
- (c) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements and annual report-;
- (d) Review compliance with the Australian Charities and Not-for-profits Commission Act 2012.

237 Reporting Responsibilities

237.1 With respect to the Committee's reporting obligations the Committee shall:

- (a) regularly report to Bishop-in-Council on Audit Committee activities and make appropriate recommendations. In doing so, the Committee shall ensure that Bishop-in-Council is aware of matters that may significantly impact the financial condition or affairs of the Diocese from any of the specified entities;
- (b) provide an open avenue of communication between Bishop-in-Council, Diocesan senior executive staff, Internal Audit, and the External Auditor. This includes, but is not limited to, regular de-briefs of Audit Committee activity with the Bishop, occasional presentations by the Audit Committee to Bishop-in-Council, and a standing invitation to the External Auditor to attend Audit Committee meetings;
- (c) evaluate the Audit Committee's own performance on a regular basis and report to Bishop-in-Council at least annually on the Audit Committee's achievements against its proposed outcomes;
- (d) make recommendations to Bishop-in-Council from time to time about changes to the Committee's Charter as expressed in the Grafton Diocese Governance Ordinance.