

TERMS OF REFERENCE

Portfolio	CEO Office	Ref. No.	TOR-1154
Department	Governance Support		
Title	Board Risk, Audit and Investment Committee		

1. Introduction

The Board Risk, Audit and Investment Committee (the BRAIC Committee) is established as a Board Committee, as permitted under the Company's Constitution.

These Terms of Reference outline the purpose, role and responsibilities, authority, membership and operating procedures of the Committee, and shall be reviewed by the Board at least every two years.

2. Purpose:

The primary purpose of the Committee is to provide independent oversight and advice to the Board on the adequacy and effectiveness of RACS's:

- risk management and internal control framework
- financial management and reporting
- audit arrangements (internal and external)
- investment strategy, performance, and governance

3. Role and Responsibilities

The Committee is responsible for the following matters, subject always to the authority of the Board:

3.1 Risk Management and Internal Control Framework

- Oversee the effectiveness of RACS's enterprise risk management framework, including risk appetite, key risks, and risk mitigation strategies.
- Review reports on strategic, operational, financial, and reputational risks and escalate matters of concern to the Board as appropriate.
- Monitor compliance with relevant laws, regulations, and RACS policies within the Committee's remit.
- Review management and auditors' reports on the effectiveness of systems of internal control through review of key internal controls, including financial controls, fraud prevention controls, conflicts of interest, etc.
- Review management's recommendations regarding adopting key insurance policy terms and adequacy of cover in the annual insurance renewal, and periodic appointment of insurers.

3.2 Financial Management and Reporting

- Review RACS's financial management practices, including budgeting, forecasting, treasury, and liquidity arrangements.
- Review that financial infrastructure and processes are fit for purpose to support RACS' strategy.
- Oversight the management of the RACS's Foundation funds and financial arrangements.
- Monitor significant financial risks and issues affecting financial sustainability.
- Regularly review key finance policies including delegations of authority.

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3.3 Audit Arrangements (Internal and External)

- Oversee the integrity and quality of financial reporting and recommend the annual financial statements to the Board for approval.
- Review the effectiveness, independence, scope, and performance of the external auditor, including appointment or re-appointment recommendations.
- Monitor issues arising from interim and final audits as reflected in the external auditor's report, and any matters the external auditors may wish to discuss.
- Monitor implementation of any recommendations made by the external auditor.
- Oversee the adequacy and performance of the internal audit plan and outcomes, management responses, and the implementation of agreed recommendations.
- Oversee the effectiveness of the internal auditor, including appointment or re-appointment recommendations, and capability of, including adequacy of resources and support for, the internal audit function, to enable it to perform effectively.
- Ensure appropriate assurance is obtained over key controls, systems, and processes.

3.4 Investment Strategy, Performance and Governance

- Oversee the investment strategy, asset allocation, risk settings, and governance framework for RACS investments.
- Monitor investment performance against agreed objectives and benchmarks.
- Review recommendations from the Investment Committee and external investment advisers in relation to Investment Policy changes including recommendations on strategic asset allocation, risk tolerances, Environmental, Social and Governance (ESG) Policy and other aspects aligned to the College's strategic direction.
- Review the appointment of investment advisors and make recommendations to the Board.
- Regularly review key investment policies.

3.5 Reporting and Advice to the Board

- Report regularly to the Board on the Committee's activities, findings, and recommendations.
- Escalate any significant issues requiring Board attention in a timely manner.
- Undertake any additional responsibilities delegated by the Board consistent with the Committee's purpose.

4. Authority

The Committee is authorised by the Board to:

- Investigate any governance-related matters within its terms of reference.
- Access independent expert advice (with Board approval) on governance, legal, and regulatory matters.

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- Request reports or information from the CEO, Board, or staff to perform its duties.

The Committee has an advisory role and does not have decision-making authority unless specifically delegated by the Board.

5. Membership

5.1 Composition

The Committee will comprise at least three (3) and no more than five (5) members, including:

- The Board Chair, who will not serve as Committee Chair.
- At least one (1) Independent Director.
- At least one (1) Additional Fellow Director.
- The Committee may appoint an independent expert or non-Director Fellow to support its work.
- A majority of Committee members must be Directors.

The Chair will be appointed by the Board from the committee members and must have suitable experience.

5.2 Appointment and Terms

- Apart from the Board Chair, terms of members will be determined by the Board.
- The Board retains the right to remove or replace any Committee member at its discretion.
- Committee members must have relevant qualifications and experience to fulfill the Committee's responsibilities effectively.

6. Meetings and Operations

6.1 Frequency of Meetings

- The Committee will meet at least four times per year and additionally as required.
- Special meetings may be convened at the request of the Board, Committee Chair, or CEO.

6.2 Agenda and Minutes

- The Committee Secretary (appointed by the Board) will prepare and circulate agendas and papers at least five working days before each meeting.
- The Committee Secretary will draft minutes within two working days and circulate them for approval within five working days.
- Finalised minutes will be ratified at the next Committee meeting and provided to the Board.

6.3 Quorum

- A quorum requires at least half of the Committee members to be present.
- If a quorum is not met, decisions must be ratified via circulation or at the next meeting.

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6.4 Decision-Making

- The Committee makes recommendations to the Board and does not have independent decision-making authority unless specifically delegated by the Board.
- Decisions on recommendations should be made by consensus. If consensus cannot be reached, the Chair may put the matter to a majority vote.

6.5 Attendance

- Committee members are expected to attend all meetings in person or via appropriate technology.
- The CEO and Board Secretary are standing invitees but do not have voting rights.
- Attendees are the Chief Finance and Risk Officer, Internal Auditors, External Auditors, and the Investment Committee Chair.

6.6 Out-of-Session Decisions

- For urgent matters, the Committee Chair may:
 - Call a special meeting.
 - Seek approval out of session via email (with majority agreement).
 - Provide an interim response on behalf of the Committee, to be ratified at the next meeting.

7. Reporting

- The Committee reports directly to the Board.
- The Committee Chair, supported by the Committee Secretary, will provide a written report to the Board following each meeting. The Committee meeting minutes may serve as the report.

8. Confidentiality and Conflicts of Interest

- Committee members must treat all non-public information as confidential, in line with RACS policies.
- Conflicts of interest must be disclosed at the start of each meeting and recorded in the minutes.
- Significant conflicts must be managed as per the Conflict of Interest Policy and, where necessary, referred to the Board.

9. Monitoring Committee Performance and Review of Terms of Reference

The Committee will conduct an assessment of its performance at least once every two years, to ensure that it continues to be effective and meets the expectations of the Board.

These Terms of Reference will be reviewed biennially and updated as required to reflect best practices and organisational needs and reflect the outcomes of the Committee Performance Review.

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