

# Audit, Finance and Risk Committee Charter

## 1. Purpose

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

- preparation and integrity of the AFF's financial accounts and statements;
- internal controls, policies and procedures that the AFF's uses to identify and manage business risks;
- AFF insurance activities;
- qualifications, independence, engagement, fees and performance of the AFF's external auditor (**External Auditor**);
- External Auditor's annual audit of the AFF's financial statements;
- Risk management processes of the AFF;
- AFF's compliance with legal, regulatory requirements and compliance policies.
- Governance policies, systems and processes and ethical standards, including the Code of Conduct.

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

The Committee shall examine any other matters referred to it by the AFF Board.

## 2. Authority

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

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

### **3. Composition**

#### **3.1. Membership**

The Committee appointed by the Board will comprise at least three members.

The Committee members must be “financially literate” as defined by the Board (i.e. able to read and understand financial statements and challenge information presented in Committee meetings).

The Committee must include at least one external and independent member who is a qualified accountant for the purposes of the *Corporation Act 2001* (Cth).

Committee member rotation is encouraged.

#### **3.2. Chair**

The Committee may be chaired by more than one person. The Board will appoint the Committee Chair and /or Co-Chairs. Whenever Co-chairs are appointed, any reference to a “Chair” in this Charter will be read as a reference to each “Co-Chair”.

One Co-Chair may chair a meeting. Should the Committee Chair or all Co-Chairs be absent from a meeting, the Committee members present must appoint a Chair for that particular meeting.

### **4. Meetings**

#### **4.1. Frequency**

The Committee must meet at least twice per year and participants may attend by video conference and/or teleconference.

A Committee Chair or any Committee Member may call a meeting of the Committee.

#### **4.2. Meeting Attendance**

All Committee members must be invited to attend meetings of the Committee. In addition, any person may be invited by a Committee Chair to attend meetings of the Committee, but not necessarily for the full duration of the meeting.

Any AFF Director who is not a member of the Committee may attend Committee meetings.

#### **4.3. Quorum and Voting**

A quorum must consist of three members of the Committee, one of whom must be the independent member, unless the independent member is on leave approved by the Board. In these circumstances the quorum may consist of two members of the Committee.

A Committee Chair will not have a second or casting vote.

### **5. Duties and Responsibilities**

#### **5.1. Assessment of financial information**

- Review any significant accounting and reporting issues, including professional and regulatory announcements and to understand their effect on the AFF’s financial statements.

- Review the annual financial statements of the AFF which require approval of the Board and discussion of the financial statements with the External Auditor and management before submission to the Board.
- Review potential conflicts of interest situations and all related party transactions on an on-going basis.

## **5.2. External Auditor**

- Recommend to the Board the appointment, evaluation and dismissal of the External Auditor, including independence matters.
- Review and approve the External Auditor's proposed audit plan and audit approach, including materiality levels.
- Review and agree on the terms of engagement and the audit fees for the External Auditor prior to the commencement of each audit.
- Review the External Auditor's summary management report, detailing the results and significant findings from the audit, and management responses.
- Meet regularly with the External Auditor, without management present.

## **5.3. Business Risks and Internal Controls**

- Recommend to the Board and monitor the AFF's risk profile.
- Review the operational effectiveness of the policies and procedures to risk and the AFF's internal control environment.
- Review the effectiveness of the AFF's insurance program having regard to the insurable risks associated with the AFF's activities.

## **5.4. Compliance**

- Review the effectiveness of the AFF's approach to achieving compliance with laws, regulations, industry codes and AFF policies.
- Review any correspondence from regulatory bodies regarding significant issues.
- Ensure that there is a process for the Board Chair and Committee Chair to be immediately informed of any issues of significant non-compliance or litigation; when implemented.

## **5.5. Reporting**

- The Committee Chair will report to the Board on the Committee meetings regarding all relevant matters and appropriate recommendations for noting or approval by the Board.
- The Committee Chair will ensure that the Board is immediately informed of matters that may impact significantly on the financial condition or reputation of the AFF.

## **6. Review**

The Committee will review this Charter annually to keep it up to date and consistent with the Committee's authority, objectives and responsibilities.

The Committee undertakes an annual self-assessment of its performance to confirm that all activities listed in the Charter have been addressed, and reports this information to the Board.

## Attachment 1 - Audit and Risk Committee Annual Pro-Forma Agenda

	Scheduled meetings			
<b>Structure and skills</b>				
Review Audit and Risk Committee charter and set 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				
<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 the AFF'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				
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				
Approve audit fees and terms of engagement				
Consider policy in relation to non-audit services				
Review and pre-approve non-audit services				
Consider objectively the independence of the External Auditor, including obtaining written confirmation of their independence				
Review the 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 judgments				
Discuss the 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 the External Auditor in the absence of Management				
Review report from the 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				
Review insurance activities				
<b>Reporting</b>				
Maintain minutes and report to the Board				