

Charter of the Audit & Risk Committee

Role and responsibilities

The Audit & Risk Committee (the “Committee”) is established on authority of the Board of SNSW under clause 30 of the SNSW Constitution.

The Committee is not a policy-making body, nor does it have a substantive executive function. However, it assists the board in developing board policy and monitoring the activity of the Company within the scope of its remit and making recommendations to the board for resolution.

The role of the Committee includes assisting the board with the Company’s governance and exercising of due care, diligence and skill in relation to:

Audit

The Committee will –

- review the audited annual financial statements before their presentation to the board, to ensure they represent a true and fair view of the Company’s financial position and performance and its cash flow, and
- periodically review the appointment, terms of engagement and remuneration of the external auditor, and
- meet with the external auditors to review results and discuss the adequacy and effectiveness of accounting and financial controls and any issues the external auditors wish to raise, and
- ensure a system is in place to assess the appropriateness and compliance with the Company’s internal control systems, and
- ensure the independence of the external auditors.
- ensure its ongoing compliance to By Law 16.

Financial Management

The Committee will –

- advise the board on financial management and reporting matters, including the financial processes and procedures of the Company, and
- review the proposed annual budget, assessing alignment to strategic and business plans and appropriateness of underlying assumptions before recommending it to the board, and
- review the Company’s monthly financial reports in a timely manner, making recommendations to the board as required, and
- monitor the solvency of the Company and raise any concerns to the board’s immediate attention.

Investment Management

The Committee will –

- advise the board on the investment of the property of the Company, and make recommendations about investment policies, and
- from time to time, exercise the powers delegated to the Committee by the board in relation to the investment of the property of the Company, and
- review the performance of the investments of the Company in a timely manner, and
- review the performance of any investment manager appointed by the board, and
- make reports and recommendations to the board as required.

Work Health and Safety

The Committee will –

- advise the board on the development of Work Health and Safety policies and procedures, and
- monitor compliance with such policies and procedures approved by the board, and
- monitor and report on the Company's Work Health and Safety performance and compliance with legislation.

Risk Management

The Committee will –

- assess and monitor risks to the Company and recommend strategies to the board to manage and mitigate current and emerging identified financial and operational risks through the risk management plan, and
- monitor compliance with applicable laws, regulations, standards, contracts and best practice guidelines, and
- review the level and type of insurance coverage for the Company and make recommendations to the board as required.

Authority

The board authorises the Committee to –

- investigate any activity covered by its role, and
- oversee the work of the external auditor engaged by the Company, and
- resolve any disagreements between management and the external auditor on financial reporting, and
- review all audit services prior to seeking board approval, and
- meet with any other consultants and advisors engaged by the board in relation to the affairs of the Company, and
- with the prior approval of the board, obtain legal or other independent professional advice.

Composition

The Committee will consist of –

- 2 members of the board, appointed by the board, and
- up to 4 other persons, appointed by the board.

The term of office of each member of the Committee who is a member of the board is 1 year. The term of office of each other person appointed to the Committee is 2 years.

A member whose term of office comes to an end is eligible for re-appointment.

The board may, by resolution, revoke the appointment of a person as a member of the Committee at any time.

Any casual vacancy that arises on the committee may be filled by resolution of the Board in a manner that they deem appropriate.

The chair of the Committee will be appointed by the board and will be 1 of the members of the board appointed

to the Committee. The chair of the Committee must not be the chair of the board.

Invitees

The Chief Executive Officer is to attend meetings of the Committee. Other persons may attend meetings of the Committee at the invitation of the chair.

On occasion, the executive and management personnel may be asked to leave the meeting because the Committee requires a closed session with or without the external auditor.

Meetings

The Committee will meet at least 4 times a year and hold extra meetings as required. A request for a meeting from the external auditors must be met.

A quorum will be more than half of the members. In the chair's absence, the members who are present will select a chair for that meeting who must be a member of the board. If no member of the board is present the members who are present may select another member (not being a member of the board) to be the chair for that meeting.

The notice and agenda of a meeting will include relevant supporting papers and must be made available to Committee members at least 5 days prior to the meeting date.

The Committee may invite other people to attend a meeting, consult other people or seek any information considered necessary to fulfil its responsibilities. The members may meet separately with the external auditor.

The Committee may conduct out of session meetings by teleconferencing.

Members may attend the meeting by teleconferencing with prior approval of the Chairman

Voting

Matters will generally be decided by consensus or, if a consensus can't be reached, by a majority of votes from the members present. Each member present has one vote. In the event of an equality of votes, the chair of the meeting does not have a casting vote.

Conflicts of interest

In terms of the SNSW Conflict of Interest Policy Committee members will be asked to disclose conflicts of interest at the start of each meeting.

Ongoing conflicts of interest need not be disclosed at each meeting once they have been acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest they will be excused from Committee discussions about the issue where a conflict exists.

Secretarial duties

The Chief Executive Officer or another appropriate, designated person will act as secretary to the Committee. The secretary will help the chair to develop and distribute the agenda, papers, minutes and calendar.

Minutes

Minutes must be prepared, approved by the chair and circulated to the members within 2 weeks of a Committee meeting. The minutes must be ratified and signed by the chair at the following meeting.

Reporting to the board

The chair of the Committee is to report to the board following each Committee meeting. They may distribute a copy of the minutes supplemented with other necessary information, including recommendations requiring board action and/or approval. The chair is to organise the information relating to the Committee to be included in the Company's annual report.

Reviews

The Committee will review its performance on an annual basis. The review may be conducted as a self assessment and will be coordinated by the chair. The assessment may seek input from any person(s).

The Committee should review this charter and its composition annually to ensure that it remains consistent with the board's objectives and responsibilities. This outcome will then be reported to the Board to consider and either approve or further review the Committee's charter and/or composition.