



AUDIT, RISK & COMPLIANCE COMMITTEE CHARTER

1. PURPOSE

This Charter sets out the basis on which Business NSW's (BNSW) Board of Directors (Board) has established, under BNSW's Constitution, the Audit, Risk & Compliance Committee (Committee).

The purpose of the Committee is to assist the Board to ensure:

- (a) the effectiveness of the risk management framework and internal controls of BNSW and its related entities (Group);
- (b) the Group's compliance with law and regulatory obligations;

Version	1	Date Reviewed	27 April 2023	Document Owner	Legal
---------	---	---------------	---------------	----------------	-------

(c) the accuracy and integrity of financial reporting;

(d) oversight of the effectiveness and independence of the external and internal auditors.

The operation of the Committee will be governed by this Charter which sets out the role, composition, authority, responsibilities and operations of the Committee. The Charter will be made available to members of the BNSW via the BNSW website.

2. MEMBERSHIP

2.1 Composition Frequency

The Committee will be comprised of at least 3 and not more than 5 non-executive members of the Board if the composition of the Board and expertise of the directors make this practicable to do so.

The President is automatically, by virtue of their position as President, a member of the Committee.

Membership of the Committee shall be published in the annual report.

2.2 Appointment

The President of BNSW will nominate, and recommend to the Board for approval, the members (including the Chair) of the Committee. The President is not eligible to serve as Chair of the Committee.

The Board will endeavour to appoint a Chair and members who have the desired skills and experience for membership of the Committee.

2.3 Tenure

The Board will review the membership of the Committee every two years.

It will be the responsibility of the President to advise the Board of the time for the review of Committee membership.

Membership of the Committee will continue until:

- (a) revoked by the Board;
- (b) the member resigns from the Committee by giving written notice to the Chair of the Committee, the Company Secretary or the President; or
- (c) the member ceases to be a member of the Board.

2.4 Secretary

The Company Secretary to the Board will be the Secretary of the Committee, unless otherwise determined by the Board.

2.5 Expertise

All members of the Committee should be financially literate and at least one member should have well developed financial skills (ideally, a qualified accountant or other financial professional with financial and accounting experience).

Version	1	Date Reviewed	27 April 2023	Document Owner	Legal
----------------	---	----------------------	---------------	-----------------------	-------

3. MEETINGS

3.1. Frequency

The Committee will meet as often as it deems necessary to discharge its responsibilities, though it is intended that the Committee will meet no less than three times per year.

3.2. Notice

The Chair may call a meeting of the Committee at any time by giving reasonable notice, taking into account requests from any member, the Chief Executive Officer, the Chief Financial Officer or Company Secretary.

The Secretary will aim to circulate the agenda and papers for a meeting at least seven days prior to the meeting.

3.3. Quorum

A quorum shall consist of two members of the Committee.

3.4. Chair

In the absence of the Chair at a meeting, those present shall appoint a Chair for that meeting.

3.5. Attendance

Any member of the Board who is not a member of the Committee is permitted to attend Committee meetings.

Unless otherwise directed by the Committee, the Chief Executive Officer, Company Secretary and the Chief Financial Officer (or their respective equivalents) and the external auditor have standing invitations to attend Committee meetings.

The Committee may also have in attendance such other members of management or others as it may deem necessary to provide appropriate information or assistance to the Committee.

On at least one occasion per year, the Committee will meet with the external auditors and internal auditor.

Members may attend Committee meetings in person or participate by videoconference or other electronic means.

3.6. Decisions

The Committee will strive to achieve consensus in decision making. However, in the absence of consensus, decisions will be by majority vote. Each member has one vote. The Chair does not have a casting vote.

Decisions of the Committee may be made, in the absence of a meeting, by written resolution signed by all members of the Committee.

3.7. Minutes

Minutes of Committee meetings will be prepared by the Secretary, approved by the Chair in draft and circulated to the Committee. Minutes of a Committee meeting will be confirmed at the next meeting and signed by the Chair. Minutes of Committee meetings will be tabled with the Board.

Version	1	Date Reviewed	27 April 2023	Document Owner	Legal
----------------	---	----------------------	---------------	-----------------------	-------

4. DUTIES AND RESPONSIBILITIES

In addition to considering any matter referred to it by the Board or another Board Committee, the Committee has the following duties and responsibilities:

4.1. Financial Reporting

1. Review the quality and reliability of the financial reporting processes and controls.
2. Review, and recommend to the Board, the annual budget and any revised budget or forecast tabled with the Committee.
3. Review, and recommend to the Board, the Group's annual statutory financial statements. In reviewing the financial statements, the Committee should focus on:
 - a. compliance with accounting standards (including an assessment of the appropriateness of management's selection of accounting policies and disclosures, and implementation and interpretation of new accounting standards);
 - b. significant or unusual transactions and accounting estimates;
 - c. significant changes in accounting policies and practices;
 - d. the reconciliation of the statutory accounts to the management accounts;
 - e. statutory and underlying earnings, items outside of underlying, and other material judgment areas;
 - f. significant audit adjustments and unadjusted audit differences; and
 - g. the form of the proposed opinion to be issued by the external auditor.
4. Review the group's accounting policies in the light of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth), *Australian Charities and Not-for-profits Commission Regulation 2013* (Cth), Australian Accounting Standards and generally accepted accounting principles.
5. Review the Directors' questionnaires to management.
6. Review the letters of representation to the external auditors.

4.2. Audit

7. Review the overall effectiveness and independence of the external auditor.
8. Recommend to the Board the appointment, reappointment or replacement of the external auditor.
9. Review and approve any partner rotation proposed by the external auditor.
10. Review and assess findings of the external auditors, and the action taken or proposed by management in response to these findings.
11. Recommend to the Board a resolution for any disagreement between management and the external auditor regarding financial reporting.
12. Review and approve the scope of audit work with the external auditor every year and periodically approve the external auditor's engagement terms and fees.

Version	1	Date Reviewed	27 April 2023	Document Owner	Legal
----------------	---	----------------------	---------------	-----------------------	-------

13. Consider whether any non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence.
14. Receive from the external auditor an annual written statement outlining the extent of its relationship with the Group.
15. Ensure that any matters outstanding with the external auditor or regulatory authorities are appropriately addressed.
16. Review internal audit reports tabled with the Committee and consider the adequacy of any proposed remediation plans in respect of non-compliance with regulation or internal policy or controls.

4.3. Legal and Compliance

17. Monitor the Group's compliance with applicable law and regulatory obligations.
18. Monitor developments and changes in the law relating to the responsibilities and liabilities of directors and the Board's compliance with such responsibilities.
19. Consider the adequacy of controls, and those policies in respect of which approval is reserved to the Board, in relation to compliance with applicable law and regulation.

4.4. Risk Management

20. Monitor and consider the adequacy of:
 - a. the Group's Risk Management Framework and internal controls, including the Group's risk appetite statements and associated metrics and tolerances; and
 - b. resources devoted to risk management.
21. Review, and consider the adequacy of any proposed resolution of, material risk and compliance issues reported by management.
22. Review the adequacy of business continuity plans at least annually.

5. POWERS

5.1 Decision Making Authority

Except where expressly stated in this Charter, the Committee discharges its responsibilities by making recommendations to the Board.

5.2 Access

The Committee is authorised to seek any information it requires from any officer or employee of BNSW that is necessary to allow the Committee to fulfil its duties and responsibilities. Requests for information should be made through the Committee Chair to the Chief Executive Officer, Chief Financial Officer or Company Secretary.

5.3 Independent Advice

The Committee may take such independent professional advice, as it considers necessary, subject to the prior notification to and approval from the President. The Committee must comply with any policy or procedure set down by the Board in respect of seeking such advice.

Version	1	Date Reviewed	27 April 2023	Document Owner	Legal
----------------	---	----------------------	---------------	-----------------------	-------

6. REVIEW AND AMENDMENT OF THIS CHARTER

The Board shall review this Charter to determine its adequacy in light of BNSW's operations, risk environment and strategy, the external environment and contemporary governance practice at least once every two years, or sooner if material changes to business activities or the external environment warrant a review.

When it is deemed necessary to do so, changes will be recommended to the Board for the formal adoption of a revised Charter for the future operations of the Committee.

Version	1	Date Reviewed	27 April 2023	Document Owner	Legal
----------------	---	----------------------	---------------	-----------------------	-------

APPROVAL AND REVIEW

Approved by	Board
Policy owner	Audit, Risk & Compliance Committee
Date issued	27 April 2023
Last review date	11 September 2018
Review schedule	December 2024
Replaces	Audit, Risk & Compliance Committee Charter (11 September 2018)

Version	1	Date Reviewed	27 April 2023	Document Owner	Legal
----------------	---	----------------------	---------------	-----------------------	-------