

# **Finance, Audit and Risk Management Committee**

## **TERMS OF REFERENCE**

### **1 Purpose**

The Finance, Audit and Risk Management Committee (“the FA&RM Committee”) will provide independent assurance to the Board of Directors on the appropriateness of the Company’s risk and control framework.

The FA&RM Committee will review, monitor and, where necessary, recommend improvements to:

- (a) the financial planning and reporting process;
- (b) Quality Management Systems, including environment and safety reporting and compliance;
- (c) the internal control processes, including the effective management of risk;
- (d) the functioning of the Company’s internal audit function, including selection of the internal audit service provider and the associated work program; and
- (e) the external audit process.

### **2 Responsibilities**

#### **(a) Financial Reporting**

The FA&RM Committee will:

- (i) review and report to the Board on the Company’s financial statements prior to their external release;
- (ii) review all significant accounting policy changes and where appropriate make recommendations to the Board; and
- (iii) ensure appropriate financial planning frameworks and metrics are established.

#### **(b) Risk Management**

The FA&RM Committee will:

- (i) ensure an appropriate overall risk management framework is in place with regular reporting to committees and the Board;
- (ii) review the risk assessment framework annually to ensure the framework is relevant to the ongoing business operations and is reflective of contemporary risk management practices;

- (iii) evaluate the procedures established by Management to ensure the Company's compliance with laws and regulations; detailed review and analysis of environmental and occupational health and safety risks;
- (iv) review the risk profile analysis of the Company, 'us' – Utility Services and other major projects that involve the Company; and
- (v) ensure key risks are being identified, appropriately managed and reported to the Board.

(c) **Quality Management Systems**

The FA&RM Committee will oversee Quality Management Systems (including environment and safety) and:

- (i) ensure policies are established and adopted for the oversight and management of environment, quality and safety;
- (ii) monitor the organisation's overall status of environment, quality and safety plans and structures, including compliance with statutory and regulatory requirements;
- (iii) establish and monitor Annual Management System Improvement Plans; and
- (iv) monitor Management's responses and actions to correct any noted deficiencies.

(d) **Internal Audit**

The FA&RM Committee will:

- (i) recommend both the appointment and, if appropriate, the termination of the Internal Auditor;
- (ii) review and recommend approval of the annual and strategic internal audit plans, including budgets and resourcing;
- (iii) review significant internal audit findings and management responses;
- (iv) monitor development in the internal audit field and standards issued by professional bodies, in order to encourage the usage of best internal audit practice;
- (v) review and assess the performance of the Internal Auditor against the annual Internal Audit Plan;
- (vi) provide an open communication channel between internal and external auditors and the Board; and
- (vii) evaluate, in conjunction with the Internal Auditor, the adequacy of the Company's accounting internal control system by reviewing written reports from the Internal Auditor, and monitor Management's responses and actions to correct any noted deficiencies.

**(e) External Audit**

The FA&RM Committee will:

- (i) provide a forum for the external auditor to present external audit plans, external audit memoranda and explanations as to their content and meaning;
- (ii) review external audit reports and ensure any identified deficiencies in internal controls are given adequate attention by Management and internal audit; and
- (iii) review management responses to external audit reports in conjunction with the Internal Auditor as required.

**3 Membership**

Membership of, and attendance at, meetings of the FA&RM Committee will be:

- (a) a minimum membership will be two (2) independent non-executive Directors and the Chairman of the Board (ex officio);
- (b) the Board of Directors will be responsible for appointment of the Committee members and the Secretary of the Committee. Unless the Board resolves otherwise, the Secretary will be the Company Secretary;
- (c) the Chairman of the FA&RM Committee will be appointed by, and be other than, the Chairman of the Board; and
- (d) other attendees at FA&RM Committee meetings will, subject to the discretion of the Committee, ordinarily comprise the Company Secretary, General Manager Corporate Services and General Manager Legal and Internal Audit.

The composition of the FA&RM Committee will be reviewed every two (2) years.

**4 Authority**

The Board authorises the FA&RM Committee, within the scope of its responsibilities, to:

- (a) obtain any information it requires from Management and employees or external parties;
- (b) obtain expert advice where necessary following consultation with the Chairman of the Board; and
- (c) ensure the attendance of company officers at meetings as appropriate.

**5 Independence**

The FA&RM Committee has no executive powers in relation to the operations of the Company. It functions in an oversight and review role.

## **6 Meetings**

A quorum for any meeting of the FA&RM Committee will be two (2) FA&RM Committee members.

The FA&RM Committee may invite such other persons to its meetings as it deems necessary, including persons to provide expert advice as considered necessary by the Committee. Committee members may not appoint an alternate to attend on their behalf.

Meetings shall be held not less than four (4) times a year. Special meetings may be convened as required. Internal and external auditors may request a meeting if they consider that it is necessary.

A copy of the FA&RM Committee papers (including the Business Risk Review) and Minutes of each meeting shall be distributed to all Board members prior to the next Board meeting. All matters referred to either the Board or Board Committees will appear as an agenda item at the next applicable Board or Committee meeting.

## **7 Review Cycle**

The FA&RM Committee's Terms of Reference will be reviewed no less than every two (2) years.