



## FINANCE & AUDIT COMMITTEE TERMS OF REFERENCE

<b>Last Review Date:</b>	June 2023
<b>Next Review Date:</b>	June 2024
<b>Responsible Officers:</b>	CEO and General Manager – Policy & Business Affairs

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

- Preparation and integrity of the Organisation’s financial accounts and statements;
- Internal controls, policies and procedures that the Organisation uses to identify and manage business financial risks;
- Qualifications, independence, engagement, fees and performance of the Organisation’s External Auditor;
- External Auditor’s annual audit of the Organisation’s financial statements; and
- Organisation’s compliance with legal, regulatory requirements and compliance policies.

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

### **Authority**

The Board has authorised the Committee, within the scope of their duties and responsibilities set out in this Terms of Reference 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 Organisation manager or staff member at meetings as appropriate; and
- Have unrestricted access to management, staff and information it considers relevant to its responsibilities under this Terms of Reference.

### **Membership**

The Committee appointed by the Board shall comprise of non-executive Directors and any other members, who must be independent and external.

The Committee shall:

- Consist of at least three members and no more than five members;

- Consist of no more than three non-executive Directors
- At least one Member shall be external and independent and be a current practicing CPA or Chartered Accountant;
- Nominate a Committee Secretary;
- “Financially literate” as defined by the Board (i.e. Able to read and understand financial statements and challenge information presented in Committee meetings).

#### *Chair*

The Board shall appoint the Chair of the Committee.

The Committee Chair must not be the Chair of the Board.

Should the Committee Chair be absent from a meeting, the Committee Members present must appoint a Chair for that particular meeting, who must not be the Chair of the Board.

#### *Education*

Management is responsible for providing new Committee members with an appropriate induction program and ongoing educational opportunities.

#### *Meetings*

The Committee must meet at least three times per year and as directed by the Board. The Committee may meet virtually.

#### *Meeting Attendance*

Any person may be invited by the Committee Chair to attend meetings of the Committee. A standing invitation shall be issued to:

- Chief Executive Officer
- General Manager – Business Operations
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The Committee shall meet with BA’s Auditor annually to review the statutory financial statements and receive the Auditor’s Report to those charged with Governance. The Committee may

#### *Quorum and Voting*

A quorum consists of a simple majority of the Committee.

The Committee Chair does not have a second or casting vote.

#### *Minutes*

Management will prepare the minutes of the Committee promptly. After the Committee Chairman has given preliminary approval, the draft minutes are circulated to all Committee members and to the Board.

#### *Reviews*

The Committee will annually review this Committee Terms of Reference and recommend to the Board for approval any appropriate amendments.

## **Duties and Responsibilities**

In assisting the Board in fulfilling their responsibilities, the duties of the Committee shall be:

### *1.1. Assessment of financial information*

- Review management financial reports and provide advice to the Board on same
- Review any significant accounting and reporting issues, including professional and regulatory announcements and to understand their effect on the Organisation's financial statements.
- Review the annual financial statements of the Organisation which require approval of the Board and discussion of the financial statements with the External Auditor and management before submission to the Board.
- Review, at least annually, the written attestations provided by the CEO and General Manager – Business Operations and/or external accounting service providers.
- Review, for potential conflicts of interest situations, and pre-approve all related party transactions on an on-going basis.

### *1.2. 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 with the External Auditor, without management present.

### *1.3. Business Financial Risks and Internal Controls*

- Recommend to the Board and monitor the Organisation's financial risk profile developed by management, covering financial risks.
- Review the operational effectiveness of the policies and procedures related to financial risk and the Organisation's internal control environment.

### *1.4. Compliance*

- Review the effectiveness of the Organisation's approach to achieving compliance with laws, regulations, industry codes and Organisation policies.
- Review any correspondence from regulatory bodies such as ASIC or the ASC regarding significant financial 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.

### *1.5. Reporting*

- The Committee will usually report to the Board via the Committee minutes regarding all relevant matters and recommendations of the Committee will generally be included in a written report from management (with supporting material) for noting or approval by the Board. However, should it be necessary, the Committee may report directly to the Board.

**Finance & Audit Committee Annual Agenda  
Framework**

	Scheduled meetings			
<b>Structure and skills</b>				
Review Audit and Finance Committee Terms of Reference and Annual Agenda				
Assess Committee's independence, financial literacy, skills and experience				
Establish number of meetings for forthcoming year				
Committee Chairman to establish meeting agenda and required attendees				
Enhance financial literacy- update on current financial events				
Perform an evaluation assessment on the Committee's and individual Member's performance				
<b>Assessment of financial information</b>				
Review quarterly management reports and reforecasts				
Review significant accounting and reporting issues				
Review financial matters affecting the year end				
Review and approve annual financial statements				
Review attestations of the CEO and Finance Manager for Australian reporting standards				
Review with Management its evaluation of the Organisation'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 detailing any instances of fraud or possible illegal acts on the part of Senior Management				
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 thereto				
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>				
Review and monitor business risks and internal controls and report to the Board				
Ensure executive remuneration risk and controls are linked to the overall risk profile				
Review insurance activities				
<b>Reporting</b>				
Maintain minutes and report to the Board				