

FINAL Stormwater Australia Finance Audit and Risk Committee
Charter- V1.1

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1. Purpose

The role of the Finance Audit, & Risk (FA&R) Committee is to assist the Board in fulfilling its governance responsibilities by providing oversight and direction of Stormwater Australia's financial and risk management programs.

In fulfilling its obligations, the FA&R Committee is to provide advice and recommendations to the Board within the scope of its terms of reference as outlined in this Charter.

FA&R committee supports the Board's oversight responsibilities relating to:

- Financial Management
- External Audit
- Investments
- Compliance
- Internal Controls
- Risk Management

2. Responsibilities

In supporting the Board's responsibilities, the duties of the FA&R Committee shall be to:

Financial Management

- Review and provide oversight of the development of the annual budgeting process;
- Monitor the financial performance against the Board's approved budget;
- Ensure that financial reporting is provided to an appropriate standard, specifically that it is reliable, timely and to the required quality.

External Audit

- Consider and make recommendations to the Board on an annual basis as to the recommendation of external auditors for ratification at the AGM;
- Development of the annual audit plan in conjunction with management and the external auditor before the audit commences.
- Monitor the performance of the external auditor;
- Review the external auditor's annual financial report prior to distribution to the Board with appropriate recommendation(s);

- Discuss problems and concerns arising from the audit, and any matters the auditor may wish to discuss (in the absence of the Executive Officer where necessary);
- Review the auditor's management letter(s) including scope, interim and final reports;
- Review all representation letters signed by management.

Investments

- Oversight and monitoring of the SWIA's financial investments;
- Approve any management recommendations regarding its investments;
- Monitor and ensure reporting to the Board on the financial performance of investments;
- Develop and review investment and reserve policies on an annual basis.

Compliance

- Ensure there are processes in place to confirm compliance with laws, regulations, legal obligations, accounting standards and internal policies.

Internal Controls

- Ensure the adequacy and effectiveness of financial and non financial controls including the exposure to cyber security threats, fraud and theft;
- Review the auditor's recommendations to internal control evaluations and monitor the implementation of agreed actions;
- Monitor all financial matters and review major expenditure proposals.

Risk Management

- Ensure there is an adequate risk management system developed and implemented;
- Monitor and review the Risk Register and other reporting of risk information to the Board, including steps to minimize such risks;
- Annually review insurance coverage and monitor the adequacy of insurances.

3. Membership and Meetings

- The FA&R Committee shall be appointed by the Board and comprise of up to three Directors of the Board;
- The Board shall appoint a Director as FA&R Chair, who shall not be the Chair of the Board;
- The Chair of the Board will be ex-officio member of the Committee;
- The Executive Officer/representative is Secretary to FA&R and will participate in all meetings as advised by the Chair;
- Directors of the Board may attend meetings of the FA&R Committee;

- All members of the FA&R Committee must be financially literate. It is desirable that at least one member has accounting or financial management expertise;
- The FA&R Committee may invite any staff or external or internal auditor to attend all or part of a meeting of the AF&R Committee;
- With Board approval, the FA&R Committee may procure independent experts and institute any investigation it considers necessary to fulfil its obligations and responsibilities;
- A meeting quorum shall be at least two Committee members;
- The FA&R Committee shall meet at least three times per year;
- Membership of the FA&R Committee is to be reviewed by the Board annually.

4. Authority

The FA&R Committee acts as an advisory and review committee on behalf of the Board and as such does not have delegated decision making powers unless specifically stated by the Board.

5. Reporting procedures

The Committee Secretary must prepare the minutes of the Committee meetings and circulate to all Committee Members for review within two weeks following each meeting. Following approval by the committee, the minutes will be distributed to all Board Directors within 4 weeks of each meeting.

The Chair of the Committee shall report to the Board at each Board meeting as appropriate.

6. Review and Access

The FA&R Committee will review this charter every three (3) years or as often as the Committee determines and recommend to the Board any changes it determines necessary.

This Charter will be available to view on the SWIA website and/or a copy will be made available on request.

7. Charter History and Version Control

Authorisation and Review			
<u>Version</u>	<u>Approved by</u>	<u>Date Approved</u>	<u>Next Review</u>
1.0	F&R Committee	March 2018	May 2021
1.1	Board	March 2018	May 2021