

THNSW Board Finance, Risk & Audit Committee (FR&AC)

Established as a Board Subcommittee under Clause 22.1(a) of the Constitution of THNSW

Terms of Reference

As per the Constitution of THNSW

- Clause 22.1(a) provides the Board with the power

“to appoint subcommittees for any purpose and to delegate to any such subcommittee such powers as it may think fit and to revoke or alter any such appointment or delegation and to require that committee report to the Board on a regular basis”
- The Board:
 - Sets and approves the Terms of Reference for any subcommittee that it appoints
 - Retains ultimate responsibility for the functions delegated to the subcommittee
- The Chair of the Board:
 - Appoints the Committee Chair

FR&AC - Purpose & Terms of Reference

- **Purpose:**

- Support and advise the Board on financial position and performance of THNSW, including annual financial statements, annual budget, and insurances, as well as business risk management;
- Take on a proactive role, including overseeing THNSW's governance, (non-safety) risk and control frameworks, and its external accountability requirements;
- Play an important role in guiding THNSW's continuous improvement in its governance, business risk, internal controls and financial management systems aligned to its agreed strategic directions and annual business plans and budgets;
- Be an exemplar of Board and Management collaborating for the betterment of THNSW in a specialist area.

- **Responsibilities & Authority:**

- The Committee has no executive powers and is responsible and accountable to the Board, however will be authorised by the Board to investigate any activity as set out in its Terms of Reference, including:
 - Advising the Board on financial administrative matters;
 - Assessing external, Board and management financial reporting;
 - Taking steps to ensure that all recommendations arising from external and internal audits are appropriately followed up and implemented as agreed
 - Reviewing internal compliance and control mechanisms
 - The FR&AC Chair can access the external auditor via an in-camera session
- The Committee is responsible for overseeing the development and implementation of THNSW's Risk Appetite Statement, Risk Management Policy, Business Risk Register (BRR) (distinct from THNSW's Safety Risk Register), internal risk audit program and advising on all areas of business risk including the mitigation of risks which may include financial or reputational risk.
- The Committee is also responsible for reviewing and making recommendations to the Board as to THNSW's financial and accounting policies in accordance with Australian Accounting Standards, and making recommendations to the Board for the appointment of external auditors subject to ACNC requirements.

- **Decision Making:**

- All Members of the Committee will be required to provide objective judgements at all times.
- The Committee as a collective is responsible for making sound, appropriate and implementable recommendations for either Board or Management decision, depending on the specific nature/ scope of the recommendation.
- In order to assist the Committee to make fair, transparent and impartial recommendations, the Committee should be familiar with and adhere to all relevant laws, policies, guidelines, procedures and reports.

- **Meetings:**

- Meetings will be held as frequently as required, however not less than 3 times per year, and held in the week prior, or earlier if possible, to the Board Meeting of the same month subject to the key business activity(s) for that meeting.
- Each Meeting must be attended by at least one (1) Board Director.
- The Committee Chair can nominate another Board Director to act as Committee Chair for a specific Meeting.
- A quorum will consist of a minimum of three (3) Members present, which must include at least one (1) Board Director as/acting as Committee Chair.
- If a quorum is not present, that Meeting will be adjourned and either rescheduled or carried over to the next scheduled Meeting.
- Extraordinary meetings may be called, if required.
- From time to time, alternative candidates may be appointed to the Committee on a temporary basis, i.e., as a substitute in the event that a member is unable to attend, or if specific expertise is required.

- **Agendas, Papers & Meeting Records:**

- The Committee Chair and Secretary will endeavour to circulate the draft agenda and any advance papers or other relevant materials to Members five (5) calendar days prior to the meeting for information,
- The Committee Chair and Secretary will also maintain Minutes of Meetings, keep records of Agendas and Papers, as well as an up-to-date status tracking log of agreed actions, and
- The draft Minutes and updated Actions Log will be distributed to Members within five (5) working days of a meeting taking place to ensure that Members and Management have sufficient time to confirm them prior to the next Meeting and also to progress those Actions for which they are responsible.

- **Reporting:**

- Reporting to the Board will be via the Committee Meeting Minutes. The FR&AC Chair may provide verbal updates or additional written Briefing Notes to the Board as and if required.

- **Annual Review:**

- The Committee will review its own performance and this Terms of Reference at least annually to ensure that both the Committee remains effective and continues to operate within its objectives, responsibilities, and authority.
- Any proposed significant changes are to be jointly recommended by the Committee Chair and the CEO to the Board for approval.

FR&AC - Membership

Membership:

All members and invitees acknowledge the Code of Conduct requires confidentiality and declaration of conflicts of interest.

- **Committee Chair** – a Board Director however cannot be the Chair of the Board
- **Other Director(s)** – all Directors to attend at least one (1) Meeting per year
- **Chief Executive Officer**
- **Head of Finance & Corporate Resources (F&CR)**
- **Ad-hoc Invitees / Additional Members**

Overview of Roles & Responsibilities:

- **Committee Chair** –
 - Determined by the Chair of the Board to act as the single point of contact on behalf of the Board for overseeing the Committee.
 - Must have a working knowledge of finance, risk and internal and external audit.
- **CEO** –
 - The CEO has overall accountability for implementation of the governance, (non-safety) risk and control frameworks, external accountability requirements, and financial management matters of THNSW, as delegated by the Board.
- **Head of F&CR** –
 - Reports as agreed regularly to the Committee's Chair and the CEO
 - Is the Staff Member who is accountable for delivering the outcomes in the expert area(s) covered by the Committee and as delegated by the CEO.
 - Undertakes all aspects of administering the Committee on behalf of the Committee Chair.
- **Additional Members** –
 - Can be called in from time-to-time at the discretion of the Committee Chair as needed to give particular input, e.g., SMEs; others who have the appropriate knowledge, skills, or experience that benefit the Committee for the current term of the Committee and who are able to commit to the requirements of the Committee.
 - Are “truly independent” Members, and must also be appropriately experienced and/or qualified.

Committee Members Tenure:

- The Committee Chair and Board Director committee members will be formally approved by the Board annually as soon as practical following an AGM.

- **Members**
 - Board Directors appointed as committee members will be appointed for an initial period of no less than three (3) years or for the duration of their remaining tenure as a Board Director (ideally not less than two (2) years). Ideally, initial appointment will take place as soon as practical following an AGM or as otherwise required.
 - Other Non-Board members may be appointed for an initial period of up to three (3) years from the time of their appointment.
 - After the initial tenure, a committee member may be appointed for an extension period or re-appointed for a further term of up to three (3) years, subject to a formal review of their performance by the Committee Chair in consultation with Committee Members.
 - No Committee Member's tenure should exceed two (2) consecutive terms (i.e., a total of six (6) consecutive years), however a previous committee member may return to the Committee following a period of not less than 12 months.

- **Committee Chair**
 - The Committee Chair must be a THNSW Board Director and will be appointed for a one (1) term of ideally three (3) years (or the duration of their remaining tenure as Board Director), and may be re-appointed up to a maximum of six (6) consecutive years.
 - A Board Director who is a committee member may be appointed as the Committee Chair if preceded by one (1) or two (2) consecutive terms as a committee member; the tenure limit resets at the time of appointment as Committee Chair provided the appointment is not an interim appointment. Similarly, a Board Director who has served as the Committee Chair may be appointed as a committee member for one (1) term of up to three (3) years immediately following the completion of their term as Committee Chair.

Other Considerations:

- The Committee Chair is a key strategic governance role.
- The CEO will nominate and provide a person who shall be the Secretary of this Committee.
- Frequency will be not less than 3 times per year, and held prior to the Board Meeting of the same month subject to the key business activity(s) for that meeting.
- The Committee Chair will determine the size of the Committee to meet its needs during any given time period.
- The Committee Chair may consider appointing an unpaid Independent Member for the FR&AC who is a Senior Finance, Audit and/or Risk Professional.
- All Members of the Committee are expected to make themselves available as required to prepare for, attend and participate in Meetings; apply good analytical skills, objectivity and good judgement; abide by the relevant ethical codes that apply to THNSW; and express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.
- All Members must treat the information received as confidential whether or not marked or described as confidential and have a responsibility to maintain confidentiality regarding matters of the FRA&C at all times including upon leaving the Committee.