



# **Terms of Reference for the Finance, Audit and Risk Committee**

CS-ST-060/2.0

Corporate Services : Standard

TIDC Corporate Management System

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| Status                   | Approved          |
| Version:                 | 2.0               |
| Date of Issue:           | 30 June 2005      |
| Effective Date:          | 30 June 2005      |
| Review Date:             | 30 June 2010      |
| Document Owner:          | Company Secretary |
| Security Classification: | General Release   |



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# 1 Terms of Reference for the Finance, Audit and Risk Committee

## 1.1 Objectives

The primary objectives of the Finance, Audit and Risk Committee (FAR) are to:

- Assist the Board in discharging their responsibilities relating to:
  - Financial reporting practices
  - Business ethics, policies and practices
  - Accounting policies
  - Management and internal controls
  - Risk Management
  - Fraud and corruption prevention
- Provide a forum for communication between the Board, senior management and both the internal and external auditors
- Ensure the integrity of the internal audit function.

## 1.2 Membership

The Committee shall consist of at least 4 and no more than 7 members with expertise in financial management in a government environment including knowledge of NSW Government guidelines for managing investments and borrowings, management and internal controls and audit. The Chief Executive Officer is to be a member of the Committee. The Chair is to be independent of the organisation.

The Chief Financial Officers of RailCorp and the Ministry of Transport are also to be members of the Committee. The TIDC Board may from time to time nominate Board members to be members of the Finance, Audit and Risk Committee. Any member of the TIDC Board is entitled to attend Committee meetings.

The Committee may invite various parties to attend its meetings. These parties would include the TIDC Financial Controller, internal auditors and external auditors, Treasury representatives.

## 1.3 Meetings

The Committee shall hold four meetings per year and such additional meetings as the Chairperson shall decide in order to fulfil its duties. A quorum shall consist of a majority of members.

Meeting should be held, as far as possible, one month prior to Board meetings.

## 1.4 Minutes

The TIDC Corporate Secretary will maintain minutes of meetings and ensure these are provided to the Board. The minutes, or relevant extracts from them, should be provided to the internal auditors and external auditors if requested.



## 1.5 Duties and Responsibilities

The Committee shall consider any matters relating to the financial affairs and risk management issues of TIDC that it determines to be desirable. In addition, the Committee shall examine any other matters referred to it by the Board.

The duties of the Committee shall be:

### 1.5.1 External Auditors

- a) To endorse the programme of the external auditor before the audit commences including the nature and scope of the audit;
- b) To ensure issues arising from the interim and final audits are addressed by Management;
- c) To consider the external auditor's management letter and management's response;

### 1.5.2 Financial Control and Reporting

- d) To examine the annual report before submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices;
  - Major judgemental areas;
  - Significant adjustments resulting from the audit;
  - Compliance with accounting standards;
  - Compliance with Government and legal requirements;
  - Reports prepared by management for release to the stakeholders.
- e) To ensure adequate financial management systems and processes are in place and any Government requirements are met.
- f) Review major risks to which TIDC is exposed and verify that the internal control systems are adequate and functioning effectively;
- g) Review with management and/or the internal auditors the control of TIDC's assets and information systems, the staffing of the key functions and the plans for enhancement of operations.

### 1.5.3 Internal Audit

- h) To review the internal audit program and ensure that the internal audit function adequately addresses the requirements of TIDC;
- i) To promote coordination between management and internal and external auditors;
- j) To review any significant matters reported by the internal auditors and ascertain whether management's response is adequate;
- k) To ensure that the internal auditors are independent of the activities that they audit.



#### **1.5.4 Risk Management**

- l) To review risk management activities including management systems and the audit program
- m) To specifically consider insurance issues as they relate to both the Corporation and the projects;

#### **1.5.5 Legal Compliance**

- n) To review all significant transactions that do not form part of the TIDC normal business;
- o) To consider compliance with any regulatory or statutory requirements;
- p) To review any current and pending litigation which has some financial risk exposure for TIDC.

#### **1.5.6 Compliance with the TIDC's Code of Conduct**

- q) To discuss and review with management, its business ethics and corporate conduct, its written code of conduct and program and compliance with that code;
- r) To consider cases of employee conflict of interest, misconduct or fraud.

#### **1.5.7 Fraud and Corruption Prevention**

- s) To discuss and review TIDC's exposure to fraud and corrupt practices;
- t) To review and assess management mitigation measures to reduce the risk of exposure to fraud and corruption;

#### **1.5.8 Other**

- u) To request and review special audits or investigations as may be necessary;
- v) To consider other matters, as referred to the Committee by the Board.

### **1.6 Access**

The Committee shall have unlimited access to both the internal and external auditors and to senior management. The Committee may also consult independent experts where it is considered necessary to carry out its duties.

### **1.7 Reporting**

The Committee shall:

- Record proceedings of each meeting and circulate them to the Board
- Prepare a report to the Board summarising work performed by the Committee to fully discharge its duties

TIDC's annual report should include a statement describing the responsibilities and activities of the Committee.