

SOUTHERN WASTE SOLUTIONS AUDIT & RISK COMMITTEE CHARTER

1. Purpose

The purpose of the Audit & Risk Committee is to assist the Board to fulfil its duties and responsibilities related to:

- financial accounting, disclosures and reporting processes;
- risk management¹ and internal control processes;
- processes to ensure legislative and other compliance obligations are met;
- internal and external audit; and
- any other matters referred to it by the Board or the Authority.

2. Roles and Responsibilities

The Committee's role is to undertake a detailed review of matters within its scope and advise the Board accordingly. In undertaking its duties and meeting its responsibilities, the Committee will take into account the context, scale and limited resources of the Authority and its management team.

The scope of the Committee's responsibilities includes oversight of Board policies, strategic risks and related risk management plans relevant to its portfolio of responsibilities.

2.1 Financial accounting and reporting processes

The Committee will monitor and oversee the financial management systems and processes and related governance arrangements to ensure corporate reporting processes are robust.

Consistent with this, the Committee will provide advice and recommendations to the Board on issues including:

- corporate reporting processes;
- long-term financial management and capital replacement plans;
- significant changes to applicable Accounting Standards;
- significant accounting estimates and judgements;
- content of strategic financial policies; and
- reviewing the financial statements to assess whether they are consistent with the Committee's understanding of the Authority's financial position and performance and provide a true and fair view.

2.2 Risk management and internal controls

The Committee will monitor and oversee systems and processes to manage risk and ensure adequate internal control.

¹ The A&R Committee reviews and monitors the risk management framework to advise the Board if the framework is suitably robust and operating effectively. The Committee does not monitor all individual risks listed in the strategic (or any other) risk register(s). As is the case for all Board Committees, the A&R Committee may be allocated responsibility for monitoring those risks on the risk register that relate specifically to the Committee's scope and responsibilities.

It will provide advice and recommendations to the Board on issues including:

- the robustness and reliability of risk management frameworks;
- material financial and non-financial risks relevant to the Committee's responsibilities;
- adequacy of internal control processes and any significant failure of internal controls;
- protection of the Authority's assets; and
- content of strategic risk and internal control policies.

2.3 Legislative and other compliance obligations

The Committee will monitor and oversee systems and processes to manage compliance .

It will provide advice and recommendations to the Board on issues including:

- the scope and effectiveness of the Authority's compliance frameworks;
- any material breaches of compliance obligations; and
- the content of strategic policies to achieve compliance.

2.4 External audit

The Committee will engage with the external auditor.

The Committee will provide advice and recommendations to the Board on such including:

- proposed external audit strategy;
- Management Representation Letter(s) to be provided to the auditor;
- outcomes and recommendations of external audit reports;
- progress to close audit actions;
- the external audit process; and
- the effectiveness, efficiency and performance of the external auditor.

The Audit & Risk Committee will review the annual financial statements at a time that, typically, coincides with preparation and signing of the Management Representation Letter(s) to the auditor. This recognises the relevant provisions of the *Local Government Act 1993* (Tas) and the *Audit Act 2008* (Tas) that require the CEO to certify the financial statements and submit to the auditor by the prescribed deadline.

The Committee may meet with the external auditor without management present as it considers appropriate.

2.5 Internal audit

The Committee will monitor and oversee the internal audit function to ensure it meets the Board's objectives. The Committee will:

- *appoint* internal audit service provider(s);
- *approve* the budget for the internal audit services; and
- *approve* the internal audit strategy and work plans.

The Committee will provide advice and recommendations to the Board on such including:

- the internal audit function, its scope, strategies and plans;
- the overall effectiveness of internal audit, particularly in relation to its capacity to strengthen the internal control environment and reduce the Authority's risk exposure;
- outcomes and recommendations of internal audit reports;
- progress to close audit actions;
- the internal audit process; and
- the independence and performance of the internal audit function.

The Committee may meet with the internal audit service provider(s) without management present as it considers appropriate.

2.6 Other

The Audit & Risk Committee may liaise with and, via the Board, refer matters to other Board Committees.

The Committee will undertake special investigations and attend to other matters referred to it by the Board.

It will report to the Board as specified in this Charter or at other times as directed by the Board.

3. Authority to act

The Audit & Risk Committee is a committee of review. It is authorised to undertake those activities specifically delegated to it by the Board and to provide advice and recommendations to the Board regarding matters within the scope of its roles and responsibilities.

Under this Charter, the Committee is delegated to approve specific matters related to the internal audit function (see section 2.5).

It is also authorised to seek independent, expert advice as needed in order to meet its roles and responsibilities.

As a committee of the Board, the Audit & Risk Committee has no executive management powers.

4. Composition

The Board appoints members of the Committee, including the Committee Chair. The Committee Chair will be an independent director but not the Board Chair.

The Committee will comprise at least three members, including the Committee Chair. At least one member of the Committee will have financial or accounting expertise.

At its discretion, the Board may appoint an external expert member to the Committee. Any remuneration payable to an external Committee member will be decided by the Board provided it complies with the Authority's remuneration policy for Directors and Committees.

The Committee will appoint a suitable Support to it..

5. Meetings and administration

- **Frequency**

The Audit & Risk Committee will meet at least four times per year.

- **Forms of meetings**

The Committee may meet face to face, electronically or via circulating resolution. Members attending remotely are considered to be present for the purposes of forming a quorum, voting and declaring interests.

Resolutions in writing or by email (circulating resolutions) can be held at the discretion of the Committee Chair.

Processes for remote attendance and electronic meetings will be those prescribed in the Authority's Rules for Board meetings.

- **Quorum and decision making**

A quorum is more than half the members appointed to the Committee.

Only appointed Committee members, including external members, have voting rights.

Consistent with the Authority Rules for Board meetings:

- each appointed member has one vote;
- resolutions, including circulating resolutions, will be decided by a majority of votes cast by members present at the meeting; and
- the Committee Chair does not have an additional, casting vote: a tied vote will be decided in the negative.

- **Work Plan**

The Committee will develop and maintain an efficient and effective work plan each year.

- **Managing conflicts of interest**

As a committee of the Board, members of the Committee will disclose interests and manage conflicts of interest in accordance with the Authority's Rules for directors. The Authority's Rules are extended to apply to any external person appointed by the Board as a Committee member.

Declarations of interest will be recorded in the minutes of the Committee meeting and reported to the Board Secretary for recording in SWS's Register of Interests.

- **Attendance and access to information**

Standing invitations to each Committee meeting will be:

- Chief Executive Officer;
- Manager Corporate Services
- External Auditor;
- Internal Auditor(s).

The Committee:

- may invite any other officer, employee or external advisor to its meetings at its discretion; and
- access any information it determines necessary to fulfil its responsibilities.

Any Director of Southern Waste Solutions who is not an appointed member of the Committee may attend each meeting as an observer. As a courtesy, any Director intending to attend as an observer will advise the Committee Chair in advance.

The Committee has the right to meet without management, advisors or guests present at any time and to meet auditors without management present.

- **Agendas and papers**

The CEO and Committee Support will prepare the meeting agenda and liaise with the Committee Chair to finalise it.

Meeting papers will be distributed to Committee members via Sharepoint at least seven days before scheduled meetings.

Meeting papers for unscheduled meetings will be distributed via Sharepoint as early as possible, preferably with a weekend available to members for reading.

All Directors have access to Committee papers via Sharepoint.

- **Minutes**

Minutes will record the proceedings of each meeting and any recommendations to the Board. They will be prepared within seven days of the meeting and distributed to members once authorised by the Chair.

Once authorised for distribution, the draft minutes will be placed in the Committee Minutes Register within thirty days of the meeting.

Once adopted at the next meeting, minutes will be signed by either the Committee Chair or the chair of the meeting at which they were adopted and then added to the Committee Minutes Register.

Minutes of meetings will be provided to the external auditor and outsourced internal audit provider(s) once approved by the Committee Chair for distribution. Any commercially sensitive information or information that may present a conflict of interest to the auditors may be redacted from their copies.

6. Reporting

The Committee's draft minutes will be tabled at the next Board meeting if time permits. Otherwise, they will be tabled at the subsequent Board meeting for access by all Directors

The Committee Chair will verbally report time-critical information and recommendations to the Board to expedite decisions. If a Board meeting is not imminent and a more timely decision is required, the Committee Chair may determine an appropriate alternative method of communication.

When management is to prepare a separate paper to the Board after initial consideration of the matter by the Committee, the Board paper will cite the Committee's decision (as recorded in the minutes).

7. Committee Review

The Committee may initiate reviews of its performance periodically.

The Committee will also undertake reviews as directed by the Board. Typically this will be as part of the Board's review timetable and process, however the Board may also instigate reviews at other times.

8. Charter Review

The Committee will review its Charter at least every three years, unless an earlier need arises.

Version 4

Next review: July 2027

It will provide advice and recommendations to the Board on any changes that may be required to the Charter.

Approved by the Board at its meeting on 31 July 2024.