

## FOUNDATION

### *Purpose*

The Finance, Audit & Risk Management Committee (FARM Committee) appointed by the Equestrian NSW (ENSW) Board assists the Board in fulfilling its oversight responsibilities relating to the:

- preparation and integrity of ENSW's financial accounts and statements;
- internal controls, policies and procedures that ENSW uses to identify and manage organisation risks;
- ENSW insurance activities;
- qualifications, independence, engagement, fees and performance of ENSW's External Auditor;
- External Auditor's annual audit of ENSW's financial statements;
- ENSW's compliance with legal, regulatory requirements and compliance policies; and
- horse welfare, medication control and biosecurity.

The existence of the FARM Committee does not imply the fragmentation or diminution of the role of the Board to ensure the integrity of ENSW's risk management.

### *Authority*

The Board has authorised the FARM Committee, within the scope of their duties and responsibilities set out in this charter 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 and, in the event that the FARM cannot resolve the issue, the matter will be escalated to the Board;
- select, engage and approve fees for any professional advisers that the FARM Committee may require to carry out its duties; and
- have access to management, employees and information it considers relevant to its responsibilities under this charter.

### *Membership*

The FARM Committee appointed by the Board shall comprise at least three Members, including:

- the Independent Chair, appointed by the Board and who is not a current Board Member;
- at least one member with a relevant CA/CPA qualification; and
- at least one other member with relevant risk management skills and experience

The Chief Executive Office or their designate is the FARM Committee Secretary.

## **Education**

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

## **Meetings**

The FARM Committee must meet at least four times per year. Participants may attend a face to face meeting or by video conference (including Skype) and/or teleconference.

The Chair will determine if meetings are required more frequently or if an ad hoc meeting is required.

Should the FARM Committee Chair be absent from a meeting, the FARM Committee Members present must appoint a Chair for that particular meeting.

The FARM Committee Chair, any FARM Committee Member or the FARM Committee Secretary may call a meeting of the FARM Committee.

Circular resolutions can be used when and if required and organised by the Secretary.

Any Member may request a matter be added to the agenda. There are four standing Agenda items:

- Conflicts of Interest;
- Review of Minutes of the previous meeting;
- Discussion and approval of matters put to the Committee; and
- Any other business.

## **Meeting Attendance**

Any person may be invited by the FARM Committee Chair to attend meetings of the FARM Committee, but not necessarily for the full duration of the meeting. A standing invitation shall be issued to the Chief Executive Officer.

## **Quorum and Voting**

A quorum must consist of two members of the FARM Committee. The FARM Committee Chair shall not have a second or casting vote.

## **Minutes**

The FARM Committee Secretary or delegate must prepare the minutes of the FARM Committee within seven (7) working days. After the FARM Committee Chair has given preliminary approval, the draft minutes are to be circulated to all FARM Committee members and the Chief Executive Officer.

## **Review**

The FARM Committee will review this FARM Committee Charter at least annually and recommend to the Board its approval including any appropriate amendments.

## **DUTIES AND RESPONSIBILITIES**

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

### ***Assessment of financial information***

- Review any significant accounting and reporting issues including professional and regulatory announcements and to understand their effect on the ENSW's financial statements.
- Review the annual financial statements of ENSW 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 Chief Executive Officer and Finance Manager.
- Review, for potential conflicts of interest situations, and pre-approve all related party transactions on an on-going basis.

### ***External Auditor***

- Recommend to the Board and subsequently to the Members, 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 regularly with the External Auditor, without management present.

### ***Organisation Risks and Internal Controls***

- Recommend the approval of the ENSW's Risk Management Plan to the Board and oversee the risk management system and its resourcing.
- Recommend to the Board and monitor ENSW's risk profile developed by management, covering the principal enterprise-wide risks including strategic, operational, legal and financial.
- Review the operational effectiveness of the policies and procedures to risk and ENSW's internal control environment.
- Review the effectiveness of ENSW's insurance activities.

### **Compliance**

- Review the effectiveness of the ENSW's approach to achieving compliance with laws, regulations, industry codes and ENSW policies.
- Review any correspondence from regulatory bodies regarding significant issues.
- Ensure that there is a process for the Board Chair and FARM Committee Chair to be immediately informed of any issues of significant non-compliance or litigation, when implemented.

### **Reporting**

- The FARM Committee Chair will report to the Board on the FARM Committee meetings regarding all relevant matters and appropriate recommendations in a written report (with supporting material) for noting or approval by the Board.
- The FARM Committee Chair will ensure that the Board Chair and the Board are immediately informed of matters that may impact significantly on the financial condition or reputation of ENSW.

## **FARM COMMITTEE MEETING AGENDA ITEMS**

### **Structure and skills**

- Review the FARM Committee Charter and Annual Agenda
- Assess FARM Committee's independence, financial literacy, skills and experience
- Establish number of meetings for forthcoming year
- FARM Committee Chair to establish meeting agenda and required attendees in consultation with the CEO
- Enhance financial literacy - update on current financial events

### **Assessment of financial information**

- Review significant accounting and reporting issues
- Review financial matters affecting the year end
- Review and approve annual financial statements
- Review attestations of the CEO for Australian reporting standards
- Review with Management its evaluation of ENSW'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

#### **External Auditors**

- 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

#### **Organisation Risk and Internal Controls**

- Recommend the approval of the Risk Management Plan to the Board
- Review and monitor organisation 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

#### **Reporting**

- Maintain minutes and report to the Board

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