

## FINANCE, RISK AND AUDIT COMMITTEE CHARTER

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### 1. Overview

The AIST Board has the authority to establish board committees and ad hoc committees to assist it in its work but retains its overriding responsibility for any delegated activity. Within this context, the Board may:

- Delegate any of its powers to a committee; and
- Appoint the chair of a committee.

Each committee established by the Board is required to adopt a charter that must be approved by the Board.

The charter must set out the committee's composition, responsibilities and other matters relating to its effective operation.

### 2. Board Charter

All committees must adhere to the principles contained in the AIST Board Charter.

### 3. Type of Committee

The Finance, Risk and Audit Committee (FRAC) is a committee established by the board to:

- manage the financial governance framework,
- establish financial policies,
- identify and mitigate high and extreme organisational risks,
- recruit the external auditor and manage audit recommendations.

The committee provides guidance and direction to ensure the financial and operational sustainability of the organisation.

### 4. Committee composition

The AIST Board appoints a chair of the Committee and appoints directors to the committee

The Committee will include the following members:

- Board appointed Chair of FRAC
- 3 AIST directors
- The CEO;
- The General Manager, Finance and Corporate Services;
- The Company Secretary; and
- The Finance Manager (when required);

The Committee will call upon other members of the executive team or members of staff including contracted parties as required to present information pertinent to their lines of business.

The Committee members shall:

- Be financially literate, with an ability to read and understand financial statements and challenge information presented in Committee meetings;
- Have experience in Risk Management and be able to identify critical strategic and operational risks;
- Be able to manage investments and cash; and
- Comprise at least one external and independent member who shall be a Certified Practising Accountant or Chartered Accountant.

## 5. Chair

Following consultation with the Directors, the AIST President proposes the Committee Chair for approval by the Board. The Board approves the appointment of the Chair for the FRAC.

The Committee Chair must not be the AIST President .

Should the Committee Chair be absent from a meeting, the Committee Members present must appoint a Chair for that meeting, who should not be the AIST President.

## 6. Meetings

The Committee meets every two months. The Committee will agree on the Annual Agenda and the Chair of FRAC agrees on the meeting Agenda that gets presented.

### 6.1. Agenda

The Committee meeting agenda will adhere to the Finance Risk and Audit Committee Annual Agenda. Amendment of the agreed annual agenda can be made in consultation with the Chair of FRAC and approved by the FRAC at its meetings.

### 6.2. Matters Arising

The Committee will be provided with a list of the matters arising from FRAC meetings, including responsible persons, expected due dates and required actions.

### 6.3. Minutes

All meetings of the Committee are minuted:

- The minutes are circulated to all members of the Committee
- The Company Secretary is responsible for taking and circulating the minutes.

### 6.4. Reporting to the Board

The GM- Finance and Corporate services will provide a report of each of its meetings to the Board. The reports and the minutes of the meeting will be provided to the first Board meeting following each Committee meeting.

### 6.5. Quorum and Voting

A quorum must consist of three members of the Committee. At least two committee members present must be AIST directors to proceed.

The Committee Chair shall not have a second or casting vote.

## 6.6. Responsible Staff Member

The CEO is responsible for the collation of the papers required by the FRAC, for tabling at meetings or ad hoc papers presented to the committee through circular resolutions.

The General Manager, Finance and Corporate Services is responsible for assisting the work of the Committee. The GM be responsible for collating the agenda, the matters arising, the minutes and the papers for each meeting.

## 7. Duties

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

### 7.1 Assessment of financial information

- Review the annual financial statements and discuss with the auditor and management prior to submission to the Board for approval
- Endorse the Annual Budget, for recommendation to the Board, ensuring sustainability of business operations
- Monitor business activities to approved budget and provide guidance where required
- Monitor updates on approved budget through forecast activities.
- Monitor the Profit and Loss position, the Balance Sheet, the Cash flow statement, the Aged Debtors, and any other relevant/metric reporting deemed necessary.
- Ensure that AIST complies with all relevant accounting standards;
- Ensure that the Annual Financial Statement is included in the Annual Report.
- Ensure the ACNC reporting is completed by 30 June each year.

### 7.2. External Auditor

- Recommend to the Board the appointment, evaluation and dismissal of the auditor
- Review and approve the 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 auditor prior to the commencement of each audit
- Review the external auditor's contract period of engagement and determine when to go to market for rotation of the external audit function.
- The FRAC should consider the rotation of the external auditor at the 5 year mark of the appointment of the current auditor.
- The FRAC will review the performance of the contracted external auditor and decide on the continuation of their services in the contracted period or of their dismissal.
- Review the auditor's summary management report, detailing the results and significant findings from the audit, and management responses

### 7.3. Business Risks and Internal Controls

- Recommend the approval of the AIST's risk management policy to the Board and oversee the risk management framework, reporting, timelines and resourcing
- Recommend to the Board and monitor AIST's risk profile developed by management, covering the principal enterprise-wide risks, including strategic, operational, legal, cyber security, Information Technology and financial

- Review the appropriateness of the policies and procedures to risk and the AIST's internal control environment.
- Review the effectiveness of AIST's insurance arrangements.

#### **7.4. Compliance**

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

#### **7.5. Reporting**

- The General Manager, Finance and Corporate Services will report to the Board on the Committee meetings regarding all relevant matters and appropriate recommendations in a written report (with supporting material) for noting or approval
- The Committee Chair will ensure that the AIST President and the Board
- are immediately informed of matters that may impact significantly on the financial condition or reputation of AIST.

### **8. Authority**

The Board has authorised the Committee, within the scope of their duties and responsibilities set out in this charter to:

- Approve amendments, changes and deletions to all Finance Policies
- Approve expenditure/activity as detailed in the Schedule of Delegations that underpins AIST's Delegation Policy
- Perform the activities required to address its responsibilities and make recommendations to the Board
- Resolve any disagreement between management and the auditor, with areas of significant disagreement advised to the Board

### **9. Committee budget**

The Committee does not have a dedicated budget as:

- The Committee's activities are incorporated in the AIST budget; and  
The Committee can submit additional activities that are outside budget to the Board for consideration (refer to the AIST Board Charter).

### **10. Reviews**

The Committee will review every two years this Committee charter and recommend to the Board any appropriate amendments.

### **11. Referenced documents**

FRAC Annual Calendar

AIST Finance Policy Register

AIST Schedule of Delegations