

## 1. Purpose

The Finance, Risk and Audit Committee (FRAC) (**Committee**) is a committee of the Board of Directors of the Australian Council of Superannuation Investors (ACSI) established under clause 3.7(d) of ACSI's Constitution to assist the Board in discharging its responsibility by advising on:

- Financial reporting including the integrity, truth and fairness of the view given by the financial statements of ACSI; and the integrity of ACSI's financial systems and processes.
- ACSI's overall risk management process and the management of specific risk areas as directed by the Board.
- The effectiveness and operation of ACSI's internal controls over financial and other operations and reporting.
- Compliance with legal and regulatory requirements.
- The appointment and performance of the external auditors.
- The Committee also exercises such powers and performs such other functions as may be delegated to it by the Board from time to time.

The Management of ACSI is responsible for the preparation, presentation and integrity of the company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

## 2. Membership

The Board appoints the members of the Committee and its Chairman.

The Committee comprises at least three (3) members including the President of ACSI. At least two (2) members of the Committee must be directors of ACSI including the Chairman. The President of ACSI will be precluded from acting as Chairman.

At least one (1), preferably two (2) Committee members are expected to be financially literate and have and maintain a good working knowledge of financial reporting issues; and each Committee member is expected to have the capacity to devote the required time and attention to prepare for and attend Committee meetings.

The Finance Manager and the CEO will be ex-officio members of the Committee. The Finance Manager will be the Committee Secretary.

## 3. Meetings

The Committee must meet at least twice in each year.

Any Committee member may, and the Committee Secretary at the request of a Committee member must, convene a meeting of the Committee.

The agenda for Committee meetings is determined by the Committee Chairman.

A Committee meeting may be called or held using any technology consented to by each member. The consent may be a standing one.

A quorum for any meeting is any three (3) members of the Committee.

In the absence of the Committee Chairman (or his or her properly appointed delegate), the members will elect one of their number as chairman of that meeting.

The Committee may invite other people including employees of ACSI and external advisers to attend all or part of its meetings, as it deems necessary or appropriate.

Any Director of ACSI may attend a meeting of a Committee, however, prior notice or papers need not be given to Directors who are not Committee members.

If any Committee member or employee of ACSI or any other person has a material personal interest in a matter that is being considered at a meeting, he or she must not be present for consideration of that matter unless the interest has been fully disclosed to the Committee and the Committee agrees that the person may be present.

Decisions of the Committee may be made at a duly called and constituted meeting or by a resolution in writing notified to all members of the Committee and signed by at least 75% of the members of the Committee who are entitled to vote on the resolution.

All members, directors and other attendees at Committee meetings are required to keep all information presented (whether written or oral) or discussed at Committee meetings confidential and only use and disclose this information in the proper discharge of their duties to ACSI.

## 4. Minutes

Minutes are to be prepared for each Committee meeting and circulated to all Committee members by the Committee Secretary as soon as practicable but no later than the distribution date for the papers for the next Committee meeting.

The Committee must confirm the minutes of each Committee meeting at its next meeting (or the next practicable meeting if the minutes are not available at the next meeting).

A copy of the minutes once they have been reviewed by the Committee Chairman must be included in the papers for the next Board meeting.

## 5. Responsibilities

In performing its role, the responsibilities of the Committee include, but are not limited to:

### 5.1 Financial Reporting

- Monitoring the periodic financial reporting process implemented by Management.
- Reviewing ACSI's financial statements and discussing them with Management and the external auditors prior to their release to determine whether they are complete, reflect appropriate accounting principles, contain appropriate disclosures and are consistent with the information known to the Committee.
- Obtaining from the Chief Executive Officer and the Finance Manager, at least annually, written representations:
  - that ACSI's financial records have been properly maintained in accordance with the Corporations Act
  - that ACSI's financial statements present a true and fair view, in all material respects, of the company's financial condition, operational results and are in accordance with relevant accounting standards
  - as to the effective and efficient operation of ACSI's risk management and internal compliance and control system
- Reviewing the directors' report and the annual report.
- Reviewing the Annual Financial Budget to the Board including providing advice to the Board on the member fee structure.

### 5.2 Risk management

- Monitoring the principal strategic, operational, legal and financial risks to which ACSI is exposed and confirming that systems are in place to monitor and manage these risks.

### 5.3 Internal controls

- Reviewing the results of the annual review of the effectiveness of internal controls over financial reporting.
- Seeking confirmation that any internal control issues identified by Management and any recommendations made by the external auditors, and approved by the Committee, have been addressed by Management on a timely basis and within agreed timeframes.

### 5.4 Compliance

- Reviewing ACSI's approach to achieving compliance with applicable laws, regulations and company policies.
- Reviewing the results of Management's investigation and follow-up (including disciplinary action) for significant identified acts of non-compliance.
- Obtaining regular updates from Management regarding compliance matters that may have a material impact on ACSI's reputation or financial statements.

## 5.5 External Audit

- Making recommendations to the Board on appointing, reappointing or replacing the external auditor.
- Reviewing and agreeing on the terms of engagement for the external auditors prior to the commencement of each audit.
- Reviewing the relationship of the external auditors with ACSI on an annual basis to satisfy itself of their independence.
- Ensuring significant findings and recommendations made by the external auditors are received and discussed by the Committee on a timely basis and seeking confirmation that Management has responded promptly to those recommendations.
- At least annually, meeting separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
- Reviewing all representation letters to the external auditors signed by Management on an annual basis, reviewing and assessing the performance and qualifications of the external auditors, including the lead and review partners or equivalents.

### Change log

- Initial Charter approved by the Board October 2013
- Minor amendments (re: quorum for any meeting) FRAC meeting 29 January 2014