

The logo for Export Finance Australia is located in the top left corner. It consists of the words "export", "finance", and "australia" stacked vertically in a white, sans-serif font. The text is enclosed within a black rectangular border that has a thin yellow and green inner outline.

**export  
finance  
australia**

A decorative graphic on the right side of the page features three overlapping, semi-transparent chevron shapes pointing to the right, set against a green background.

# **EXPORT FINANCE AUSTRALIA BOARD AUDIT AND RISK COMMITTEE CHARTER**

**20 OCTOBER 2021**

# 1. Functions

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## 1.1 Purpose of the BARC Charter

In accordance with the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and the PGPA Rule 2014, the primary functions of Export Finance Australia's Board Audit and Risk Committee (**Committee**) are to review the appropriateness of Export Finance Australia's:

- financial reporting;
- performance reporting;
- system of risk oversight and management; and
- system of internal control.

## 1.2 Function of the BARC Committee

The Committee acts as an advisory committee of the Board. It assists the Board in developing Board policy and monitoring organisational activity within the scope of this Charter. It also makes recommendations to the Board for consideration and approval. In addition, or to complement its primary functions, the Committee will:

- monitor the enterprise risk management framework, its implementation and Export Finance Australia's adherence to procedures and make recommendations to the Board on changes to the framework;
- monitor the internal control environment and procedures designed to achieve compliance with laws, regulations, internal standards and policies and oversee such compliance, including relating to financial disclosure and regulatory reporting;
- make recommendations to the Board on the appointment, assessment and removal of the internal auditors, and oversee their independence;
- assist the Australian National Audit Office (**ANAO**) with the appointment, assessment and removal of external auditors, and oversee their independence;
- annually review and advise on external and internal audit fees, plans and their scope of works; and
- provide an effective forum for communication between the directors, Export Finance Australia's senior managers and the internal and external auditors.

The Board retains primary responsibility for managing transaction risk associated with individual counterparties and portfolio risk as a whole against available capital.

# 2. Duties and Responsibilities

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## 2.1 Risk oversight, management and internal controls

- review and provide advice to the Board on the appropriateness of Export Finance Australia's:
  - enterprise risk management framework and the necessary internal controls for the effective identification and management of Export Finance Australia's financial and non-financial risks;
  - approach to managing its key risks, including those associated with individual projects and program implementation activities; and
  - key roles and responsibilities relating to risk management, with reference to any specific areas of concern or suggestions for improvement;
- satisfy itself that the current areas of greatest financial and non-financial risk to Export Finance Australia have been identified and that Management are effectively managing the risks;
- satisfy itself that effective systems of operational controls are in place to manage non-financial risk such as business continuity, reputation and cyber risk; and

- satisfy itself that effective systems of accounting, administrative and operational controls are in place to manage financial risk so that timely and meaningful financial statements are available to stakeholders.

## 2.2 Financial and performance reporting

- review the annual and half yearly financial statements and recommend acceptance by the Board;
- review and advise the Board on the appropriateness of Export Finance Australia's accounting policies and practices in the light of relevant laws, accounting standards and principles;
- satisfy itself that relevant issues relating to dividend policy have been raised for consideration by Management to the Board; and
- review the appropriateness of Export Finance Australia's performance reporting and review the annual performance statement and refer to the Board for consideration and approval.

## 2.3 Compliance

- monitor compliance with obligations under the PGPA Act and any other applicable legislation;
- monitor compliance with Board approved financial and non-financial limits and controls;
- monitor changes of significance to Export Finance Australia in relation to applicable laws, regulations, accounting policies and regulatory / reporting requirements; and
- monitor updates from Management regarding compliance matters that may have a material impact on Export Finance Australia.

## 2.4 An efficient and effective audit

- review the audit philosophy adopted by the internal and external auditors and their systems and procedures;
- review and assess the findings of the internal and external auditors and the action taken as well as the timetable proposed by Management in response to those findings; and
- review, at least annually, the scope, results and performance of the external and internal auditors.

## 2.5 Other responsibilities

- commission such special audits or investigations as may be necessary;
- perform any other tasks the Board may from time to time authorise;
- determine whether to approve any consultants to the ANAO undertaking any non-audit consultancy work for Export Finance Australia; and
- conduct its work in a proactive and outward-looking manner, having regard to better practice as it may apply in the context of Export Finance Australia's business, mandate and stakeholders.

# 3. Membership

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The Committee will consist of at least three members, with a minimum of two non-executive Directors of the Board, and all of whom are not employees of Export Finance Australia. None of the Board Chair, Managing Director or Chief Financial Officer shall be a member of the Committee.

All Committee members should have appropriate qualifications, knowledge, skills and experience to assist the Committee to perform its functions.

The Board will appoint Committee members. They will be subject to rotation as determined by the Board.

The Board will appoint one of the members as Chair of the Committee.

The Committee will manage succession planning for adoption by Export Finance Australia's Board.

Whenever possible, members designated will attend Committee meetings during a transition period prior to the retirement of the member that they will replace.

Any Board member is welcome to attend any Committee meeting (though only Committee members can vote).

## **4. Participation of non-members**

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Internal and external auditors and employees of Export Finance Australia may attend and participate (but will not be entitled to vote) at meetings of the Committee.

The Managing Director & CEO and Chief Financial Officer are expected to attend meetings of the Committee, together with such other members of Management as the Committee determines.

The Committee will have a discussion with the external auditors and internal auditors, at least once a year, without members of Management in attendance.

The Committee will be entitled to call upon the expert advice it determines is appropriate to enable the Committee to satisfy its responsibilities and meet its objectives. The Committee will be provided with the necessary resources to obtain expert advice.

## **5. Meetings**

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The Committee will hold at least three meetings per year, or such greater number as the Chairperson may determine. A member of the Committee may attend a meeting via telephone or video conference rather than in person.

At a meeting of the Committee, a quorum consists of two members.

Members of the Committee will not participate in discussions and will not vote on any issues in respect of which there is an actual, potential or perceived conflict of interest.

## **6. Minutes**

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The Board Secretary will keep minutes of Committee meetings. The minutes, or relevant extracts from them, will be provided to the internal and external auditors.

## **7. Internal Audit - Accountability**

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The internal auditors are accountable to the Committee.

While day to day issues under the contract with the outsourced internal auditors will be handled by Management, the internal auditors will have direct access to the Committee at any time.

The Committee will monitor that Management has in place a process for the internal audit to be conducted and that it is functioning objectively and effectively.

## **8. External Auditors**

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The Committee is the channel to the Board for communication with the external auditors, including the ANAO and any consultants engaged by the ANAO.

The Committee will meet separately with the external auditors to discuss any matters the Committee or external auditors believe should be discussed privately.

The Committee will also:

- regularly review with the external auditors the scope of the external audit, identified risk areas and any other agreed procedures;
- regularly review the effectiveness and independence of the external auditors;
- meet periodically with the external auditors and invite them to attend meetings of the Committee to:
  - review plans for carrying out internal control reviews;
  - consider any comments and recommendations made by the external auditors; and
  - make recommendations to the Board;
- monitor and report to the Board on Management's response to the external auditor's findings and recommendations;

- review all representation letters to the external auditors signed by Management and ensuring information provided is complete and appropriate; and
- receiving and reviewing the reports of the external auditors.

## **9. Access to the Committee**

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On any matter within the Committee's charter, any Export Finance Australia employee has access to the Chair of the Committee.

## **10. Access to Information and Management**

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Any access to Export Finance Australia's employee and business records required by the Committee in order to fulfil its charter will be arranged through the Managing Director & CEO, Chief Financial Officer or Board Secretary.

## **11. Reporting**

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The Chair of the Committee will provide a report to the Board following each meeting. In addition, the Committee will provide:

- copies of its minutes to the Board;
- a report annually to the Board on the trends / issues that have arisen in the Committee's work over the previous 12 months; and
- such additional reporting as the Board may require.

## **12. Planning**

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Management and the Committee will prepare a forward program that details the matters it will consider during a rolling three-year period. Changes to this forward program will be tabled at each meeting.

## **13. Review of Performance**

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The Committee will review the scope and effectiveness of its activities at least every two years. The review will incorporate the input from relevant stakeholders and the Chair of the Committee will provide a report to the Board.

## **14. Review of Charter**

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The Committee will review its performance against its Charter annually and will review the Charter at least biennially.