



**NORTH QUEENSLAND BULK PORTS CORPORATION LIMITED**  
**PORTS CORPORATION OF QUEENSLAND LIMITED**  
**MACKAY PORTS LIMITED**

## **AFRM COMMITTEE CHARTER**

### **1. OBJECTIVE**

The Company is a Government Owned Corporation (GOC) or a subsidiary of a GOC and is subject to the Government Owned Corporations Act 1993. The Company is also a public company incorporated under the Corporations Act 2001.

The Company's Audit & Financial Risk Management Committee is established to provide appropriate analysis and advice to assist the Board to discharge its financial and risk management responsibilities consistent with its ports sustainability objective.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within the Company, or the reporting lines and responsibilities of either internal audit or external audit functions. The Audit & Financial Risk Management Committee is only empowered to make recommendations to the Board and does not have power to make decisions in its own right.

### **2. TERMS OF REFERENCE**

The Audit & Financial Risk Management Committee will:

- Monitor external reporting requirements, including:
  - Consideration of the appropriateness of accounting and financial management policies and principles and the awareness of new accounting standards and concepts;
  - Consideration of significant and material transactions or other economic events that impact on the financial reports, especially where the matter may not be covered by a specific accounting standard;
  - Reviewing compliance of draft general purpose financial reports;
  - Assessing information from internal and external auditors that affect the quality of the financial reports;
- Review and provide feedback on the quality and timeliness of financial reporting to the Board;
- Review and monitoring of major financial, commercial and insurance risks;
- Review the Company's annual budget and 5 year projections and Financial Risk Management policies prior to consideration by the Board;
- Review the Company's annual financial statements prior to final sign off by the Board;

- Oversight all internal audit functions, and review findings, recommendations and implementation progress including:
  - The internal audit mission, charter, qualifications and resources including outsourcing requirements;
  - Recommend appointment and monitor the performance and cost effectiveness of internal audit services where they are outsourced;
  - Endorsing internal audit strategic plans and annual audit work plans;
  - Ensuring that there is a clear reporting line direct to the Board and to the Audit & Financial Risk Management Committee;
  - Monitoring progress on the internal audit work plans;
  - Monitoring the management responses and actions taken following an internal audit;
  - Encouraging the use of best practice in the discharge of the internal audit function;
- Review reports and other information from the Auditor-General, including:
  - Monitoring actions being taken to overcome any concerns raised;
- Monitor the internal control within the Company, including:
  - The quality of the overall internal control framework including management information and reporting;
  - Oversight of actions to ensure compliance with the legislative and regulatory framework including relevant guidelines issued for GOCs;
- Monitor matters and transactions which may have a material effect on the financial position of the Company:
  - Review any litigation, claim or other contingency against the Company;
  - Review capital structure and major borrowing proposals and the Company's exposure to interest rate and foreign currency exchange rate fluctuations;
  - Monitor rate of return performance and likelihood of maintaining financial targets agreed within the SCI including impacts on the Company's overall credit rating;
  - Review the Company's dividend policies;
  - Review the Company's cash flow forecasts and access to funding to meet its ongoing business needs; and
  - Review the results of and key assumptions underpinning the Company's annual review of assets.

### **3. MEMBERSHIP**

#### **Composition**

The membership of the Committee consists of at least 3 directors appointed by the NQBP Board. The NQBP Board Chair may be appointed to the Committee but may not sit as the Committee Chair. A quorum for the Committee is 50% or more of currently appointed members.

In making its decision, the Board will ensure that collectively, the membership of the Committee shall possess:

- A thorough understanding of the core activities of the Company and the environment in which it operates, including its strengths, weaknesses, opportunities and threats;
- A commitment to the continual improvement of the outputs that the Company delivers and that contribute to the achievement of the Company's mission and the commitments in its SCI and Corporate Plans;
- Strong business acumen and management skills;
- A high level of understanding of best practice internal control, risk management and corporate governance;
- A sound knowledge of information systems and emerging technology;
- A high level of competency in financial and operational reporting;
- At least one member with accounting qualifications who is not also Board Chair.
- An inquiring attitude, objectivity and independence; and
- A strong, demonstrated sense of probity and ethical conduct.

To maintain independence, the membership of the Committee shall not include representatives from internal audit or the Queensland Audit Office (QAO), or the person(s) responsible for the Company's financial management, although such representatives may be invited to attend Committee meetings and provide technical and other advice to the Committee.

#### **Role of Audit & Financial Risk Management Committee Chair**

- Direct the Secretary of the Committee to organise meetings and prepare agendas. Ensure that the agenda is comprehensive and supporting papers are appropriate.
- Chair Audit & Financial Risk Management Committee meetings and ensure their effective running.
- Ensure timely reports of Audit & Financial Risk Management Committee activities (including recommendations) are provided to the Board in a clear and unambiguous manner.
- Authorise the request for information by any Committee member.

#### **Induction of New Members**

The Charter of the Audit & Financial Risk Management Committee will be supplied to new appointees as directors to the Board of the Company, as part of their general induction. The Audit & Financial Risk Management Committee Chair will personally ensure that, on appointment as a new member to the Committee, the appointee is familiar with the current Charter of the Committee and is briefed on key current issues.

#### **Professional Development**

Committee members have a personal obligation to acquire and maintain the skills and knowledge to perform their role as a Committee member. The Committee will support the ongoing development of individual members of the Committee and make recommendations to the Board as appropriate to ensure, collectively, the Committee has the skills and knowledge to perform its role.

#### **Compliance with Policy**

Each director has a duty to comply with the law and binding Government and Company policies.

## **Appointment of Secretary**

An appropriate officer will be appointed as the Secretary of the Audit & Financial Risk Management Committee.

## **4. REPORTING TO THE BOARD**

The Audit & Financial Risk Management Committee will:

- Report to the Board following each of its meetings.
- Provide recommendations, opinions and bring appropriate matters to the attention of the Board.
- Provide a summary of its activities for each financial year to the Board for inclusion in the Annual Report.

## **5. ADMINISTRATIVE ARRANGEMENTS**

The Audit & Financial Risk Management Committee will meet at least on a quarterly basis, unless otherwise determined. Agenda papers will be prepared and distributed at least four days prior to each meeting.

Minutes of each meeting will be recorded and accepted at the next meeting. The Committee Chair is to receive the original minutes from the prior meeting for review with the agenda for the next meeting. The Committee Chair is responsible for ensuring the minutes are an accurate record and will sign the minutes as confirmation. A copy of the Minutes of the Committee shall be provided to the Board.

## **6. ACCESS TO INFORMATION AND ADVICE**

### **Access to Records**

- The Audit & Financial Risk Management Committee (through its Chair) shall be provided with all necessary access to documents, reports, records and personnel in pursuit of its mandate.
- Specific requests in this regard should be directed to the Chief Executive Officer, Board Secretary or Committee Secretary.

### **Engagement of External Resources**

The Audit & Financial Risk Management Committee may engage appropriate consultants (so far as is necessary to properly fulfil its mandate), provided that any costs or commitments in doing so are reported to the next Board meeting.

## **7. COMMITTEE EVALUATION**

A summary of the role and achievements of the Committee will be included in the annual report of the Company, together with a statement that the Committee has observed the terms of its Charter and had due regard to relevant legislation, relevant binding policies of the Government and Company policies, as well as the Queensland Treasury's Audit Committee Guidelines (as updated or replaced from time to time) and the Financial Management Standards.

Annually, the Board will consider the effectiveness of Audit & Financial Risk Management Committee meetings, the appropriateness of its Charter and the composition of the Committee.

## **8. APPLICATION**

This Charter applies to the NQBP Group, on the basis that there will be one committee structure covering the entire NQBP Group.

## **9. CHARTER REVIEW DATE**

This Charter should be reviewed by 30 June 2018.

## **10. DEFINITIONS**

**NQBP:** means North Queensland Bulk Ports Corporation Limited ACN 136 880 128.

**NQBP Group:** means NQBP and its related bodies corporate including Ports Corporation of Queensland Limited ACN 126 302 994 (PCQ) and Mackay Ports Limited ACN 131 965 707 (MPL).

**Company:** means NQBP, PCQ and/or MPL, as the context requires.

