

LGFA AUDIT AND RISK COMMITTEE (ARC) CHARTER

Updated: March 2016

1. INTRODUCTION

This charter sets out the purpose, scope, structure and duties of the LGFA Audit and Risk Committee (ARC).

2. OBJECTIVES

The ARC is a committee of the board of the LGFA (Board). The purpose of ARC is to provide advice, assurance and observations to the Board relating to the effectiveness and adequacy of internal control and risk management systems, processes and activities across the LGFA. It assists the Board to fulfil its duties by considering, reviewing, monitoring and approving:

- Risk management framework and processes;
- Internal control environment and mechanisms;
- Processes relating to the preparation and audit of financial statements of the LGFA;
- The integrity of performance information (including financial reporting);
- The governance framework and process;
- Policies, processes and activities to ensure compliance with legislation, policies and procedures; and
- Statutory/regulatory disclosure and reporting and performance against SOI targets.

3. MEMBERSHIP

Committee Members

ARC members are to be appointed by the Board. Membership will comprise at least three directors, the majority of whom must be independent.

The Chair of the ARC will be determined by the Committee members and confirmed by the Board, but must not also be the Board Chair. The Chair of the ARC need not be an independent director.

Attendees

The following people will attend meetings of the ARC:

- Committee members, Chief Executive, Chief Financial Officer and Company Secretary.

Any of the following people may also attend meetings of the ARC:

- Non-member Board directors;
- The Auditors of the LGFA; and
- Other attendees at the invitation or request of the Chair or Chief Executive.

4. DUTIES

Duties and Responsibilities

The ARC shall undertake the following duties and others agreed by the Board as necessary to fulfil its purpose:

- Provide assurance to the Board that due process has been followed in the preparation and audit of the financial statements of the LGFA;
- Satisfy itself that appropriate internal risk management and internal control processes and procedures are in place and are operating effectively to manage risk;
- Ensure there are appropriate processes and activities to ensure compliance with relevant regulatory and statutory requirements;
- Liaise with the external auditors to agree audit plans and the nature and scope of the audits; to discuss any issues arising from audits; consider the external auditor's reports; monitor the implementation of any recommendations made by the external auditors; and monitor and review the performance of the external auditors and provide feedback to the Board, the OAG and the external auditors as appropriate.
- Review the process implemented by management to prepare, review and approve the Annual Report and other key accountability documents before they are approved by the Board of LGFA; and
- Facilitate an effective relationship between the Board and the external auditors by providing a forum for open and frequent communication.

Operations of ARC

The ARC will, to the extent it deems appropriate for the fulfilment of its objectives or duties:

- Investigate any activity and seek and obtain any information from any officer or employee;
- Report on committee business to the Board with such recommendations as the Committee may deem appropriate;
- Engage any firm of accountants, lawyers or other professionals to provide independent advice to the Committee;
- Have ready access to all records of the Company; and
- Consult directly with the external auditors.

5. OPERATIONS AND MEETINGS

Frequency

The ARC will meet at least 4 times a year, scheduled to accommodate the LGFA's financial and non-financial reporting and audit cycles.

Quorum

The quorum for meetings of the ARC will be any three members.

Agenda

The agenda will be prepared by management and agreed to by the Chair before the meeting. The agenda and papers will be prepared and distributed by management to members of the Committee, other Board members, External Auditors and other invitees as appropriate, at least one week before the relevant meeting date (except that this period may be shortened in the cases of urgency, as authorised by the Chair of the ARC or the Board).

Meeting minutes

Minutes will be kept of all meetings. Minutes will be reviewed by the Chair before they are circulated. Minutes will be distributed to all LGFA Board members.

Conflicts of Interest and Code of Conduct

All members are responsible for declaring any potential, perceived or real conflicts of interest, whether pecuniary or non-pecuniary. In all cases where a conflict of interest exists, or may be reasonably perceived to exist, the rules set down in the Charter of the Board of the LGFA in relation to conflicts of interest will apply.

Monitoring ARC's performance

The ARC will ensure that an assessment of its performance and review of the charter is conducted at least once every two years.

6. INTERNAL AUDIT

The Audit and Risk Committee will be responsible for:

- Review with management the internal audit charter, the operations of the internal audit and organisational structure of the internal audit function.
- Review and approve the annual audit plan and all major changes made to the plan.
- Review the effectiveness of the internal audit function.
- Meeting separately with the Risk and Compliance manager to discuss any matters that the Audit and Risk Committee or Internal Auditor believes should be discussed privately.