

**THE RICE MARKETING BOARD
FOR THE STATE OF NEW SOUTH WALES**



**AUDIT AND RISK COMMITTEE
CHARTER**

October 2023

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The Rice Marketing Board for the State of NSW ('RMB') has established the Audit and Risk Committee ('the Committee') in compliance with the *Internal Audit and Risk Management Policy for the General Public Sector*.

This charter sets out the Committee's objectives, authority, composition, tenure, roles, responsibilities, reporting and administrative arrangements.

1. Objective

The objective of the Committee is to provide assistance to the RMB by monitoring the:

- integrity of the RMB's reporting;
- effectiveness of the RMB's governance and internal control processes;
- operation of an external audit process;
- definition of RMB's risk profile and the operation of the risk management framework;
- achievement of the RMB's external accountability obligations.

2. Authority

The Board of RMB (Board) authorises the Committee, within the scope of its role and responsibilities, to:

- obtain any information it needs from its employees and/or external party (subject to their legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of the RMB's employees at committee meetings; and
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities. The payment of costs for that advice by the Committee is subject to the prior approval of the Board.

3. Roles and responsibilities

The Committee cannot make decisions on behalf of the RMB, it may only make recommendations to the Board, to which it is accountable.

In performing its role, the Committee's responsibilities include the following matters (and any other matters that may be referred to it by the Board):

3.1. Risk management

- review whether management has in place a current and appropriate risk management framework that is consistent with AS/NZS ISO 31000:2009;
- review risk management plans and provide advice to the Board;
- seek assurance from management that risk management processes are operating effectively;
- seek assurance from management as to the adequacy and effectiveness of internal controls;
- review risk reports and provide advice to the Board;
- review whether a sound and effective approach has been followed in developing risk management plans for major projects or undertakings;
- review the impact of the RMB's risk management on its control environment and insurance arrangements;
- review the RMB's fraud control plan and be satisfied that the RMB has appropriate processes and systems in place to capture and effectively investigate fraud related information; and
- review whether a sound and effective approach has been followed in establishing the RMB's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

3.2. Control framework

The Committee should:

- review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective;
- review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated;

- determine whether the appropriate processes are in place to assess, at least once a year, whether laws, regulations, policies and procedures are complied with;
- review whether appropriate policies and procedures are in place for the management and exercise of delegations;
- consider how management identifies any required changes to the design or implementation of internal controls; and
- review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

3.3. External Accountability

- review financial policies and procedures and make recommendations for management review;
- review the financial statements, audit recommendations and adjustments and provide advice and recommendations to the Board including whether appropriate action has been taken in response to audit recommendations and adjustments and recommend their signing by the Board;
- satisfy itself that the financial statements are supported by appropriate management signoffs; and
- satisfy itself that the RMB has a performance management framework that is linked to organisational objectives and outcomes.
- recommend to the Board the appointment or replacement of the external auditor.
- review and approve the terms of engagement of the external auditor, including their fees.
- review and make recommendations regarding the overall scope and adequacy of the external audit, including identified risk areas and any additional procedures considered necessary.
- review external audit plans, including changes to those plans, and review progress reports prepared by the external auditor and determine whether all matters raised, including identified key audit matters, are receiving appropriate attention by management.
- engage with the auditors regarding any disagreements between the external auditor and management in relation to financial reporting.
- monitor and periodically evaluate the effectiveness of the external auditor.

3.4. Reporting

The Committee will regularly, but at least once a year, report to the Board on its operation and activities during the year. The report should include:

- an overall assessment of the RMB's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the RMB; and
- a summary of the RMB's progress in addressing the findings and recommendations made in internal and external reports.

The Committee may, at any time, report to the Board any other matter it deems of sufficient importance to do so. In addition, an individual committee member may, at any time, request a meeting with the Board.

4. Composition and tenure

Composition

The Committee will consist of at least three (3) members, and no more than five (5) members, appointed by the Board.

The Board will appoint the Chair and members of the Committee. The Chair is counted as one member of the Committee.

While the Board holds an exemption from the requirements of NSW Treasury Policy Paper TPP 20-08, which requires all Audit Committee members to be pre-qualified under the NSW government pre-qualification scheme, the Board attempts, where possible, to appoint pre-qualified members in line with best practice.

The Chair of the Board cannot serve as a member or Chair of the Audit and Risk Committee, unless the Chair of the Board is pre-qualified, and no other pre-qualified members are available. The current staff of the Board cannot serve on the Audit and Risk Committee.

Tenure

Committee members will be appointed for an initial period of no less than three (3) years and not exceeding five (5) years. Subject to a formal review of performance, a member will be eligible for a further extension or re-appointment for up to a three (3) years with the term the member serves on the committee not exceeding a total of eight (8) years.

The Chair must be appointed for an initial period of at least three (3) years, with a maximum period of five (5) years. No extensions beyond five (5) years is permitted for the Chair.

5. Meetings

The Committee will meet at least three (3) times per year. A special meeting may be held to review the RMB's annual financial statements.

The Chair is required to call a meeting if requested to do so by the Board, or another Committee member.

A meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The meeting plan will cover all of the Committee's responsibilities as detailed in this charter.

6. Attendance at meetings and quorums

A quorum will consist of a majority of Committee members. A quorum must include at least one (1) member pre-qualified under the NSW government's audit committee pre-qualification scheme.

The Committee may hold a meeting of its members at 2 or more venues using any technology

that gives the members as a whole a reasonable opportunity to participate.

Other Members of the Board may attend the meetings of the Audit and Risk Committee. Committee members, if necessary, are able to have in-camera discussion. External audit representatives and any other RMB representatives may attend Committee meetings, except where the Committee members wish to have in-camera discussions.

The Committee will meet separately with the external auditors at least once a year.

7. Dispute Resolution

Members of the Committee and the RMB's management should maintain an effective working relationship, and seek to resolve differences by way of open discussion. In the event of an unresolved disagreement between the Committee and management, including the Board, the Chair may, as a last resort, refer the matter to NSW Treasury to be dealt with independently.

8. Secretariat

The Board will appoint a person to provide secretariat support to the Committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one (1) week before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within one week of the meeting to each member and committee observer, as appropriate.

9. Conflicts of interest

The Committee takes the matter of conflicts of interest very seriously and all members of the Committee must comply with the Board's Code of Conduct Policy.

In accordance with that policy, declarations of interests pertaining to the current meeting agenda or the rice industry are made at the beginning of every meeting and a declaration of all interests is made on an annual basis.

10. Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

11. Assessment arrangements

The Board, in consultation with the Chair of the Committee, will establish a process to review and report on the performance of the Committee, at least annually.

12. Review of charter

At least once a year the Committee will review this Charter. This review will include consultation with the Board.

Any substantive changes to this Charter will be recommended by the Committee for approval by the Board.

13. Document Approval and Control

a. Version

Reference	Details
File Name	Audit and Risk Committee Charter 2022-1
File location	Shared/Policies/Charters/Committee Charters/Audit and Risk Committee Charter 2023-2
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Status	DRAFT

b. Revision History

Version	Revision Date	Summary of Change	Author
2018	14/9/18	Audit and Risk Committee	R Clubb
2020	19/2/20	Minor amendments	C Chiswell
2022	4/2/22	Amended Section 3, 4.3 and 4.7	C Chiswell
2022-1	17/3/22	Minor Amendments	Board
2023-1	16/1/23	Minor Amendments	N Dunn
2023-2	10/10/23	Update after review	Audit and Risk Committee

c. Document Approval

Board/Committee Approval	Date
Audit and Risk Committee	14/9/18
Board	26/9/18
Audit and Risk Committee	19/2/20
Board	18/3/20
Audit and Risk Committee	4/2/22
Board	17/3/22
Audit and Risk Committee	10/10/23
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