

## **TERMS OF REFERENCE: AUDIT & FINANCE COMMITTEE**

### **1. PURPOSE**

- 1.1. The purpose of the Audit & Finance Committee is to consider and review, on behalf of the Board, issues relative to:
  - our financial statements and related announcements
  - the selection and performance of our external auditors, and
  - the selection and performance of our internal auditors, and
  - the Tax Management , Treasury and Fraud policies;
  - our accounting policies, detection of fraud and misappropriation, the effectiveness of internal controls, the risk management system and related matters.
- 1.2. In addition, the Audit & Finance Committee is responsible for reviewing our exposure to risk.

### **2. COMPOSITION**

- 2.1. The Audit & Finance Committee is a Committee of the Board and shall consist of not less than three non-executive Directors. The appointment of Directors to this Committee shall be confirmed by the Board as required.
- 2.2. The Chairman of the Committee will be a non-executive Director other than the Chair of the Board and shall be appointed by the Board.
- 2.3. At least one member of the Committee should have accounting or related financial expertise.
- 2.4. A quorum will be declared when at least three non-executive Directors are present.

### **3. SPECIFIC ROLE OF THE CHAIR**

- 3.1. Liaise with the CFO on behalf of the Committee to discuss any issues that are arising.
- 3.2. Meet with the external auditors at least once annually on behalf of the Committee to discuss any issues arising and their view of the performance of the CFO and the wider finance team.

### **4. MEETINGS**

- 4.1. Meetings will be as required, having regard to the Company's reporting and audit cycle.
- 4.2. The Committee Chairman will convene a meeting upon request of any Committee member.
- 4.3. The Chief Executive, and Chief Financial Officer shall normally attend meetings and the Finance Manager and Risk and Assurance Manager shall attend as required.
- 4.4. The Committee may have in attendance such members of Management and other such persons including the external auditors or external tax advisors as it considers necessary to provide appropriate information and advice.
- 4.5. The Committee shall be entitled to hold a meeting without Management present.
- 4.6. All Directors shall be entitled to attend any meeting of the Committee. The Secretary will be the Chief Financial Officer. In the absence of Management, the Chairman will keep a record of business transacted.

## **5. RESPONSIBILITIES**

### **Risk Review**

- 5.1. Annually review the Risk Management Policy and recommend changes to the Board.
- 5.2. Monitor corporate risk assessment, fraud, misappropriation and the internal controls environment.
- 5.3. Work with Management to determine the classes of risk and level of cover and policy deductibles to be underwritten by insurance each year.

### **Audit & Compliance**

- 5.4. Liaise with internal and external auditors.

#### Internal Audit

- 5.5. Review our internal audit schedule each year and receive an annual report summarising any significant findings from the internal audit reviews.
- 5.6. Review the internal auditors and their activities.
- 5.7. Ensure that recommendations highlighted in internal audit reports are actioned by Management.

#### External Audit

- 5.8. Review the annual audit plan with the external auditors.
- 5.9. Consider the independence of the external auditor and any potential conflicts of interest.
- 5.10. Recommend the appointment of the Audit Office's Agent in terms of s19 of the Port Companies Act 1988.
- 5.11. Review the appointment of the external auditors and their fees.
- 5.12. Meet with our Auditor at least once a year to discuss any areas of concern or recommendations for improvement.
- 5.13. Receive the Auditor's opinion on the annual financial statements and audit management letter.
- 5.14. Review and consider all significant judgements, unadjusted differences, and critical accounting policies that have been discussed between Management and the external auditors.

#### Compliance

- 5.15. Oversee compliance with statutory responsibilities relating to financial and other statutory requirements.

### **Finance**

Review and recommend for Board approval:

- 5.16. The half year and annual financial statements.

## **6. POLICY AND PROCEDURE**

6.1. Review and recommend for Board approval:

- The Treasury Policy

- The Tax Management Policy
  - The Fraud Policy
  - The Risk Management Programme including the Internal Audit programme
- 6.2. Consider any other matter relating to audit, finance or risk referred to the Committee by the Board.

## **7. AUTHORITIES**

- 7.1. The Committee will make recommendations to the Board on all matters requiring a decision. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

The Committee is authorised by the Board, at the expense of the Company, to obtain such outside information and advice including market surveys and reports, and to consult with such management, consultants and advisers, with relevant experience and expertise, as it thinks necessary for carrying out its responsibilities.

## **7.2.**

## **8. REVIEW OF THE TERMS OF REFERENCE OF THE COMMITTEE**

- 8.1. The Committee will undertake a review of these terms of reference at least every two years. Any changes to the terms of reference will be recommended by the Committee to the Board for their agreement.

## **9. REPORTING PROCEDURES**

- 9.1. The Committee shall maintain direct lines of communication with the external auditors, the Chief Executive, the Chief Financial Officer, the Risk and Assurance Manager, the internal auditors and with Management generally including those responsible for non-financial risk management.
- 9.2. The Chief Executive and the Chief Financial Officer shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the company, any material breakdown in internal controls and any material event of fraud or malpractice.
- 9.3. After each meeting the Chairman of the Committee will report the Committee's recommendations and findings to the Board.
- 9.4. The minutes of all Committee meetings will be recorded, stored and circulated to members of the Board, according to the Company Constitution.. Extracts from the minutes will be made available to the Chief Executive, Chief Financial Officer, the external auditors and to such other persons as the Board directs, as may be necessary to enable them to properly carry out their functions.
- 9.5. The Chairman of the Committee shall present an annual report to the Board summarising the Committee's activities during the year and any related significant results and findings.

## **10. RISK AND ASSURANCE MANAGER**

- 10.1. The Risk and Assurance Manager has a reporting relationship with the Committee. The Risk and Assurance Manager is to attend all meetings and provide reports as requested by the Committee.

At a minimum the Risk and Assurance Manager will report every six months on:

- Strategic and Operating Risks
- Internal Audit Plan Update

**11. REFERENCE MATERIAL**

- Company Constitution
- Institute of Directors Best Practice Statement on Audit Committees
- Treasury Policy
- Tax Management Policy
- Fraud Policy