



AUDIT, FINANCE & RISK COMMITTEE – TERMS OF REFERENCE

ROLE

The role of the AF&R Committee is to:

- Assist the ESNZ Board in discharging its responsibility to exercise due care, diligence and skill in relation to oversight of:
 - Financial management;
 - Internal control systems;
 - Accounting policies and practice;
 - The risk management framework and monitoring compliance with that framework;
 - Compliance with applicable laws, regulations and standards.
- Improve the quality, credibility and objectivity of the accounting process, including financial reporting.
- Oversee and monitor the performance of the external auditors.

COMPOSITION

- The committee shall consist of three to four members.
 - The Chair of the committee will be an ESNZ Board member and shall be appointed as Chair by the ESNZ Board.
 - At least two of the committee (including the Chair) shall be ESNZ Board members.
 - Two further committee members may be appointed from outside the ESNZ Board.
 - At least one member must have a high level of financial management skill and experience.
 - The Chairman of the ESNZ Board will be an ex-officio member of the committee.
- The committee shall be appointed each year following the ESNZ AGA, at the first meeting of the ESNZ Board.
- The committee members should retire by rotation to ensure consistency and an ongoing working knowledge of the organisation's issues, risk profile and financial position. The rotation should be agreed by the ESNZ Board and committee members, and documented each year.
- Committee members may resign from the committee at any time, in writing, addressed to the Chair of the ESNZ Board.

PROCEDURE

- The AF&R Committee shall usually meet three times per annum (and not less than twice). The AF&R Committee can meet in person or by teleconference.
- The CEO has a standing invitation to attend meetings of the AF&R Committee. However, the Committee reserves the right to meet with the external auditor without management presence. The Committee will consider the attendance of the ESNZ Accountant and/or Finance Manager as required.

- At least 4 days before each scheduled AF&R Committee meeting the CEO shall, if requested by the AF&R Committee, forward to each member of the AF&R Committee by email:
 - Any contracts entered into by ESNZ in the prior month that have not already been agreed by an ESNZ board meeting.
 - A schedule of all applications for grant monies made by ESNZ, grant monies received, grant monies paid out in the prior month and balance of all grants held.
 - Pro-forma balance statement sheet as at the end of the last month.
- The AF&R Committee shall be entitled to call for further financial or compliance reports from management as it requires.
- Minutes of AF&R Committee meetings will be taken by the Executive Assistant and circulated to the CEO and Board Members as part of the finance report tabled at the next occurring Board meeting.
- The AF&R Committee may seek legal or accounting advice on any matter to do with the financial position or obligations of ESNZ after consultation with the Board Chair.

COMMITTEE'S AUTHORITY AND RESPONSIBILITIES

The AF&R Committee does not take action or make decisions on behalf of the ESNZ Board unless specifically mandated. The Board has delegated certain of its functions to the Committee which is responsible for:

- Reviewing and discussing external financial reporting with management, including considering adequacy for stakeholder needs.
- Considering underlying quality of financial reporting, changes in accounting policies and practice, any significant accounting estimates and judgements, accounting implications of new and significant transactions, any significant disagreements between management and external auditors, and compliance with applicable accounting standards.
- Meeting with auditors
- Reporting results of review to the Board.
- Considering adequacy of internal controls after consulting with auditors and management.
- Reviewing the principal risks contained in the risk profile of ESNZ on an annual basis.
- Ensuring management has established a risk management framework which includes policies and procedures to effectively identify, address and monitor principal organisation risks.
- At least annually assessing effectiveness of implementation of this risk management system.
- Monitoring compliance with the risk management framework.
- Recommending appointment of external auditor.
- Reviewing auditor's fees, term of engagement and work plan.
- Reporting to ESNZ Board on key matters considered by AF&R Committee and their resolution.
- Considering other matters as directed by the ESNZ Board from time-to-time.

AF&R Committee members are entitled to rely on ESNZ management, on matters within their responsibility and on external professionals on matters within their area of expertise and may assume the accuracy of information provided by such persons, so long as the Committee member is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

The ESNZ Board may rely upon information provided by the Committee and its members in relation to matters within the Committee's responsibility under this terms of reference provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

Management is responsible for the preparation, presentation and integrity of the financial statements. Management is responsible for implementing and maintaining appropriate accounting

and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. External audit ors are responsible for independent reviews of the integrity of financial data and of the risk control framework and compliance with policies and regulations.

The external auditors are responsible for planning and carrying out each audit and review, in accordance with applicable auditing and review standards.

ACCOUNTABILITY TO THE BOARD

The ESNZ Board annually reviews both this Terms of Reference and the Committee's performance against this Terms of Reference.