

Audit & Risk Management Committee Charter

25 November 2022

Issued for: Landcom

Issue date: 25 November 2022

Distribution only: Internal Only

Issued and authorised by: Audit & Risk Management Committee

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This Charter sets out the Audit and Risk Management Committee's role, responsibilities, authority and operation.

Introduction

The Board of Landcom (**Board**) has established the Audit and Risk Management Committee (**Committee**).

Role of the Committee

The primary objective of the Committee is to assist the Board in fulfilling its responsibilities.

The Board is ultimately responsible for:

- Oversight and review of the effectiveness of Landcom's financial management framework;
- Oversight and review of the effectiveness of the internal control systems and framework to support the objectives of Landcom;
- Oversight and review of the appropriateness and effectiveness of Landcom's Risk Management Framework; and
- Determining and reviewing the appropriateness of the risk appetite for the corporation.

To assist the Board in carrying out these responsibilities, the Board has established the Committee to give advice and to review audit and risk matters.

Specifically, the role of this Committee is directed towards and includes oversight and review of the effectiveness of:

- Systems of internal control of Landcom;
- External accountability and financial management;
- The Health, Safety and Environment Framework;
- The Risk Management Framework;
- External and internal audit; and
- Compliance with applicable legislation.

Authority of the Committee

To assist the Board in carrying out these audit and risk responsibilities, the Committee is also a forum to facilitate communication with:

- Management;
- The internal and external auditors; and
- Stakeholders.

The right of the internal and external auditors to meet with the Board is, however, not restricted.

The delegation of various functions to the Committee does not relieve the Board or Directors of duties and responsibilities, but assists it in carrying out these responsibilities. The Committee has

the authority to request any information it requires from any employee of Landcom, subject to legal constraints. The Committee is also authorised to take such independent, professional advice, as it considers necessary. Discussions with external parties are subject to confidentiality considerations.

Responsibilities

The Committee's responsibilities are to oversee, review and advise the Board on the matters below.

The Committee must report to the Board on any matters which it becomes aware of that might have a significant impact on the operational and financial condition or affairs of Landcom.

Systems of internal control

- Satisfy itself that an effective overall control framework within Landcom to manage the strategic, financial and operational risks has been established and is being maintained.
- Review and, where appropriate, make recommendations to the Board as to the integrity and prudence of the control systems that Management has in place, including the review of applicable policies and/or practices.
- Satisfy itself that appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with.
- Satisfy itself that appropriate policies and procedures are in place for the management and exercise of delegations.
- Satisfy itself that any required changes to the design or implementation of internal controls have been identified.
- Satisfy itself that steps have been taken to embed a culture which is committed to ethical and lawful behaviour.
- Review the process for communicating the Code of Conduct to staff and seek assurance as to compliance with the Code.

External accountability and financial management

- Review the Corporation's accounting policies and practices in the light of applicable legislative provisions and generally accepted accounting principles including the approach taken to address variances, budget risks and assumptions.
- Review and recommend to the Board the approval of the half year and annual financial statements, including satisfying itself that the financial statements are supported by appropriate Management signoff on the statements and on the adequacy of the systems of internal controls.
- Satisfy itself that an appropriate external audit of the Corporation is conducted on an annual basis and review Management's response to audit recommendations.
- Satisfy itself that procedures are in place around early close and year end preparation of financial statements.
- Satisfy itself that processes are in place to ensure that financial information included in the annual report is consistent with the signed financial statements.

- Satisfy itself that appropriate mechanisms are in place to review and implement, where appropriate, relevant Parliamentary or Governmental reports and recommendations.
- Satisfy itself that appropriate key financial performance indicators are established.
- Satisfy itself that financial key performance indicators, as set out in Schedule 1 of this Charter, are linked to organisational objectives and outcomes.
- Review key financial reports (as well as the financial statements).

Health, Safety and Environment Framework

- Review and recommend to the Board the Health, Safety and Environment Framework.
- Oversee the implementation of Health, Safety and Environment risk management processes.
- Satisfy itself that Landcom continues to comply with Health, Safety and Environment laws and regulations.
- Review material changes to Health, Safety and Environment laws, regulations and practices that have the potential to affect Landcom and satisfy itself of the appropriateness of Management's response.

Enterprise Risk Management Framework

- Review and monitor the implementation and maintenance of systems and loss prevention and control measures directed at:
 - Managing the potential for loss and damage to the Corporation generally;
 - Managing insurance programs to ensure appropriate coverage by reputable insurers at competitive premium levels with regard to Landcom's circumstance and needs; and
 - Ensuring an appropriate risk-aware and risk management culture has been embedded throughout Landcom.
- Review and recommend to the Board the Enterprise Risk Management Framework, ensuring it is consistent with AS ISO 31000:2018.
- Satisfy itself that there are sound and effective processes in place for the effective identification, assessment and treatment strategies to manage strategic, operational and financial risks, including emerging risks.
- Satisfy itself that risk management processes are operating effectively, including that relevant internal control policies and procedures are in place and that these are periodically reviewed and updated.
- Review the impact of the Enterprise Risk Management Framework on the control environment and insurance arrangements.
- Satisfy itself that financial risks are being assessed and monitored with respect to the Corporation's performance.
- Satisfy itself that a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether Crisis Management and Business Continuity Strategy have been tested periodically.
- Satisfy itself that a sound and effective approach has been followed in establishing appropriate cyber and ICT security.

- Review and recommend to the Board the Fraud Control Framework and satisfy itself that there are appropriate processes and systems in place to capture and effectively investigate public interest disclosures and other fraud related information.
- Review reports on management action taken in respect of disclosures made under the *Public Interest Disclosures Act 1994* (NSW) and/or the *Public Interest Disclosures Act 2022* (NSW) (as applicable).

Legislative compliance

- Satisfy itself that legal and compliance risks have been appropriately considered as part of the risk assessment and management arrangements.
- Satisfy itself that the system for monitoring compliance with relevant laws, regulations and associated government policies is effective.

Maintenance of an effective and efficient internal and external audit

- Review the scope of audits for adequacy and that there is a minimum of duplication between internal and external audit. In so doing, satisfy itself that emphasis is placed on areas where the Committee, Management or the auditors believe special attention is necessary.
- Seek assurance that there are no unjustified restrictions or limitations placed on either the internal or external auditors by Management.
- Review the efficiency and effectiveness of both internal and external auditors in relation to their respective responsibilities.
- Review and assess the findings of the internal and external auditors, the action taken and timetable proposed by Management of any necessary response to audit findings. In the case of the more significant findings, the Committee shall monitor Management's progress in achieving remedial action.
- Recommend to the Board the appointment or replacement of internal auditors.
- Review and approve the Internal Audit Charter.
- Review and approve the internal audit three year strategic and annual plans.
- Deal with such matters relating to the internal audit function as may from time to time be authorised by the Board.
- Report to the Board in relation to any significant issues arising and the progress of internal audit work performed.
- Request and receive reports from Management and the internal auditor on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Corporation's operational or financial reporting process.
- Satisfy itself that the external audit strategy addresses all significant business and other risks.
- Satisfy itself that the Auditor-General (directly or through Audit Office of NSW representatives) is made aware of follow-up action taken on matters raised in the Auditor-General's reports.
- Satisfy itself as to the activity of probity auditors and advisors.

Committee composition

The Committee will have at least three members with the Committee Chair (**Chair**) and a majority being independent non-executive Directors of Landcom. The Chair and members will be appointed by the Board. The Chair shall not be the Chair of the Board.

A non-executive Director, not serving as a member of the Committee, may be appointed by the Chair as an alternate for any member of the Committee in the event a quorum is not achieved.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations, governance and financial management of Landcom and the environment in which it operates and should take appropriate steps to ensure that they have the requisite knowledge to carry out their role. Members are responsible for contributing the time needed to study and understand papers provided and for the application of objectivity, good judgement and sound analytical skills. Members are expected to express opinions frankly, ask relevant questions and pursue independent lines of enquiry.

At least one member should have relevant qualifications and experience (that is, a qualified accountant or other finance professional with experience of financial and accounting matters).

In accordance with the Board Charter, members shall declare any conflicts that would make them ineligible for membership. If a conflict arises in respect of an agenda item or topic, members should declare this at the start of a meeting with details minuted. If members are deemed to have a real, potential or perceived conflict they will be excused from deliberations on the particular topic.

Committee meetings

The Committee holds regular scheduled Committee meetings (**meetings**) not less than four times a year and may hold additional meetings as appropriate to discharge its duties and responsibilities. Meetings may be attended in person, by phone or video conference.

The Committee may address matters that require a decision between meetings by circular resolution as it sees fit.

The quorum for a meeting is a majority of members each of whom is entitled to vote on an item of business.

All Directors have access to relevant meeting materials (including minutes or written resolutions of the Committee which Directors may inspect at any time) and may attend Committee meetings, having regard to the Handling of Conflicts of Interest Policy.

The Chief Executive Officer, the Secretary and the position/s which encompasses the roles of Chief Financial Officer, General Counsel and the Director, Audit & Risk may attend each meeting by standing invitation, unless otherwise requested by the Chair, and may be asked to leave at any

time. Other members of Management may be invited as requested by or agreed with the Chair and the Chief Executive Officer.

External and internal auditors may attend meetings by standing invitation. The Committee will have the opportunity to meet in camera with the internal and external auditors at each scheduled meeting.

New Committee members are to receive induction briefings and any other relevant information on appointment to enable them to carry out their duties.

The Secretary, in conjunction with the Chair and the Chief Executive Officer, shall prepare an agenda for each meeting. This agenda, together with meeting papers and supporting documentation, shall be circulated to Committee members within a reasonable period in advance of the meeting, usually at least one week prior to each meeting.

Draft minutes of each meeting will be prepared by the Secretary and reviewed by the Chair. The draft minutes shall then be circulated to all Committee members and tabled at the next meeting for review and approval, and at a subsequent Board meeting for noting.

The Chair will report at the next possible Board meeting on material issues discussed at a meeting.

The Committee will report annually to the Board on its operations and achievements, including the discharge of its responsibilities under this Charter.

Forward agenda

The Secretary will maintain a forward agenda which sets out the scheduled matters to be addressed by the Committee over a 12-month period. The forward agenda will be used to distribute the business of the Committee across the year and to assist the Committee in determining the extent to which it has met its responsibilities under this Charter.

Secretary

The Company Secretary or an appointed delegate will serve as the Secretary of the Committee.

Independent advice

The Committee may obtain independent professional advice as to any matters pertaining to the responsibilities of the Board or this Committee.

Individual Directors may obtain independent advice to assist them in discharging their duties subject to obtaining prior written approval from the Chair of the Board.

Expenses incurred to obtain this advice are the responsibility of Landcom.

Access to Management and information

The Committee has access to Management and to any information of Landcom, as required, having regard to the protocols as outlined in the Board Charter.

Document Control

Document information			
Document approver	Board of Directors		
Document owner name	Audit and Risk Management Committee		
Document delegate name/s	Company Secretary		
Document version number	8.0		
Document version date	25 November 2022		
Document review cycle	Annually		
Next Document review date	November 2023		
Document location	Internal use only Landcom Board		
Document level	1 = Board approved document		
Linked artefacts			
Linked documents	Staff Code of Conduct Delegations Manual Landcom Constitution NSW Treasury Commercial Policy Framework NSW Treasury Model Charter under TPP20-08 Board Charter		
Linked legislation	Landcom Corporation Act 2001 State Owned Corporations Act 1989		
Linked risks	Reputational	Technology	
	Health, Safety & Environment	Climate & Sustainability	
	Regulatory	Project Delivery	
	Commercial	Stakeholder & Community	
Revision history			
Version	Approval date	Author	Description
9.0	25/11/2022	Company Secretary	Revised Charter to incorporate public interest disclosures and reference to cyber and ICT security.
8.0	26/11/2021	Company Secretary	Revised Charter to provide clarity on the Committee's role, and refine the Risk Management section.
7.0	30/10/2020	Company Secretary	Revised Charter to remove references to requires of JV partners, inclusion of executives with standing invitations to meetings, and correction of typographical errors.
6.0	29/11/2019	Company Secretary	Revised Charter for consistency with linked documents and model charter TPP 15-03
5.0	27/04/2018	Company Secretary	Revised Charter to include financial KPIs and additional Risk Management responsibilities under TPP17-10
4.0	17/12/2016	Company Secretary	Revised Charter

Schedule 1: Financial Key Performance Indicators

KPI	Benchmark	Reporting frequency / location
<i>Financial</i>		
Revenue YTD	Budget and Latest Forecast	Monthly Finance Board Report
Gross Margin \$ and % YTD	Budget and Latest Forecast	Monthly Finance Board Report
EBIT YTD	Budget and Latest Forecast	Monthly Finance Board Report
<i>Capital Management</i>		
Net cash / debt (gearing)	Budget and Latest Forecast	Monthly Finance Board Report
Dividends and Tax YTD	Budget and Latest Forecast	Monthly Finance Board Report
Return on Equity (on annual numbers)	Budget and Latest Forecast	Quarterly forecast update

*Budget is also known as the SCI (Statement of Corporate Intent)
Latest Forecast would be Q1, Q2 or Q3*