

Group Audit and Risk Committee Charter

1. INTRODUCTION

The Board of St George Community Housing Limited (including its controlled entities) (together “the Boards” for collectively “the Group”) have established an Audit and Risk Committee (“Committee”) to assist the Board in fulfilling its statutory, corporate governance and oversight responsibilities in relation to audit and risk of the SGCH Group, having regard to the law and best practice in accounting and other applicable standards.

The purpose, members, responsibilities and powers of the Committee are set out in this Charter.

2. PURPOSE

The objectives of the Committee are to assist the Board to carry out its duties in the areas of the Committee’s responsibilities by providing review, advice and assistance in relation to:

- Overseeing the integrity of SGCH Group’s external and internal financial reporting, including its compliance with applicable laws, regulations and other requirements in relation to external financial reporting;
- Reviewing the provision of high quality financial and non-financial information to the Boards of SGCH and its subsidiaries to facilitate the Boards making informed judgements;
- Monitoring that appropriate and effective systems of internal controls, risk management and compliance are in place;
- Monitoring the effectiveness and integrity of any internal and the external audit functions and be a forum for communication between the Board and the external auditors; and
- Safeguarding the independence of the external auditor.

The Committee will work in conjunction with other Board committees to assist the Board to fulfil its responsibility to Members, Customers, the Communities in which we work, employees and other stakeholders to ensure the Group has and maintains appropriate corporate governance procedures.

3. COMMITTEE ROLE AND RESPONSIBILITIES

The Committee's main responsibilities are as follows:

Financial Reporting

- Review the appropriateness of SGCH Group's accounting policies and principles (including changes), as well as the methods of applying them, ensuring that they are in accordance with the required financial reporting framework and applicable accounting standards;
- Review and assess significant estimates and judgements in financial reports by making the appropriate enquiries of management about the processes used;
- Seek the external auditor's opinion of the preceding points above;
- Review and assess management's processes for ensuring and monitoring compliance with laws, regulations, funding agreements and other requirements relating to the external reporting of SGCH Group's financial information;
- Review the Chief Executive Officer's and Chief Financial Officer's declarations in relation to SGCH Group financial records and financial statements;
- Assess information from the internal and external auditor that affects the quality of financial reporting; and
- Review and recommend the financial statements and other related documents to the SGCH Board for approval.

External Audit

- Make recommendations to the SGCH Board on the appointment and remuneration and removal of the external auditor;
- Review the procedures for selection and appointment of external auditors at least every three years, and conduct tenders for the position with managements support;
- Review and agree the terms of engagement for the external auditor;
- Review and approve external audit plans and monitor any change in scope
- Provide the opportunity for the Committee to meet with the external auditors without management personnel being present at least once a year;
- Monitor management's responsiveness to the external auditor's recommendations and compliance with relevant policy;
- Monitor the performance of the external auditor;
- Oversee the external auditor's independence and in particular any fees charged for work of a non-audit nature; and
- Determine that no management or other restrictions are being placed upon the external auditor.

Risk Management & Compliance

- Oversee the performance and effectiveness of the SGCH Group Risk Management Framework, which should be compliant with AS/NZ ISO 31000 and manage material risks, including fraud;

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- Review the implementation and monitoring of the treatment and control of SGCH Group risks and ensure that appropriate and effective risk management systems are implemented;
 - Receive reports from management on new and emerging risks and the risk controls and mitigation measures management has put in place to respond to these risks;
 - Monitor management's performance against the risk management framework, including whether it is operating within the risk appetite set by the Board;
 - Review the strategy and adequacy of the insurance program and oversight and monitor insurance notifications and claims as appropriate;
 - Oversee the implementation and adequacy of the compliance framework, including oversight of implementation strategy for significant or material new legislation and regulation;
 - Monitor the actions taken to address any material breaches or significant risk matters, including those which may impact the Group's public benevolent institution or charitable status, its accreditation as a housing provider;
 - Consider lessons learnt as part of the review of any material incident involving fraud or breakdown of the risk management or compliance systems;
 - Endorse the SGCH Group Whistleblowing framework.
 - On an annual basis, obtain independent assurance of compliance with the Group's safety management framework.

Internal Audit

- Review and make recommendations to the Board about the appointment and removal of the head of the internal audit and risk function and about the independence, objectivity and performance of the internal audit function.
- Ensure the head of the internal audit and risk function has a reporting line to the Committee Chair as well as access to all levels of management;
- Review and approve the scope of the internal audit plan and work program to assess that it covers material business risks;
- Obtain periodic independent assurance of the adequacy of the risk management framework;
- Monitor and assess management's responsiveness to internal audit findings and recommendations;
- Provide the opportunity for the Committee to meet with the head of the internal audit and risk function without management personnel being present at least once a year.

4. MEMBERSHIP

- All Committee members must be non-executive Directors. The Chair should not be the Chair of the Board unless the Board determines otherwise. The Committee will comprise a minimum of three members and a majority of members will be independent.
- The Board will appoint the Committee members (including the Chair) and may remove or replace the Chair and Committee members by resolution.


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- The CEO shall have a standing invitation to attend the Committee meetings as a non-voting ex-officio member.
 - All Directors of the Board have a standing invitation to attend Committee meetings, and should inform the Chair of their intention to attend.
 - Members of management and external consultants may attend Committee meetings at the invitation of the Committee Chair.
 - The Committee members have authority to directly request and access relevant information, to interview management and to directly access internal and external auditors on request.
 - The Committee is entitled to have access to and meet with advisors including legal advisors without executives or management of the Group being present.
 - Each Committee member is to be financially literate with at least one member having financial expertise (ie financial reporting, accounting, auditing or related financial management expertise), as the Board determines, and at least one member should have an understanding of the businesses in which SGCH Group operates.

5. MEETINGS

- The Committee will meet at least three times per year, or more frequently as necessary.
- A quorum for any Committee meeting will be two members.
- All Directors of the Board are entitled to receive copies of Committee papers.
- The Secretary of the Committee will be the Group Company Secretary or their appointed delegate.
- The Committee agenda and papers will be circulated to the Committee members within a reasonable period in advance of each Committee meeting.
- The Committee may pass a resolution without a Committee meeting being held.
- If the Committee Chairman is not present within 15 minutes after the time appointed for holding a Committee meeting, the Committee members will choose one of their number as Chairman of the meeting.
- At the conclusion of each meeting, the Committee is entitled to meet with the head of the internal audit and risk function and the external auditor (separately or together) without executives or management present and in camera.
- The Group Company Secretary or their nominee will be responsible for keeping minutes of Committee meetings. Minutes shall be distributed for approval to all Committee members and signed by the Chairman within one month.

6. REPORTING

- The Committee will make recommendations to the Board and the Chair of the Committee will provide regular updates to the Board about the Committee's activities.

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- Minutes of each Committee meeting will be tabled at the next Board meeting.

7. ACCESS TO INDEPENDENT ADVICE

- The Committee collectively, and each Committee member individually, has the right to seek independent professional advice as they consider necessary to fulfil their responsibilities and permit independent judgment in decision making, subject to the approval of the Chair of the Committee at the Group's expense.
- A Committee member will consult the Chair or the CEO before obtaining advice and the policy of the Board is that external advice will be made available to all Directors unless the Chair agrees otherwise.

8. SPECIFIC DELEGATIONS FROM THE BOARD

The Committee is convened to provide advice to the Board and does not have a standing delegated authority. From time to time the Board may refer a specific program, project or initiative to the Committee to scrutinise, review and approve. Such a referral will include specific delegation of authority to the Committee for financial commitment and other parameters.

9. REVIEW

This Charter will be reviewed every two years or more frequently as required.

10. APPROVAL

This Charter was approved and adopted by the Board on 30 July 2021.