

The logo for Export Finance Australia is located in the top left corner. It consists of the words "export", "finance", and "australia" stacked vertically in a white, sans-serif font. The text is enclosed within a black rectangular border that has a thin yellow and green inner outline.

**export  
finance  
australia**

A decorative graphic on the right side of the page, consisting of several overlapping, semi-transparent chevron shapes pointing to the right, in various shades of green.

**Export Finance Australia  
Board Audit and Risk Committee Charter**

**16 October 2024**

# 1. Functions

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## 1.1 Purpose of the Committee

In accordance with the *Public Governance, Performance and Accountability Act 2013* (Cth) (**PGPA Act**) and the *Public Governance, Performance and Accountability Rule 2014*, the primary function of the Export Finance Australia (**EFA**) Board Audit and Risk Committee (**Committee**) is to assist the Board in its oversight of the appropriateness of EFA's:

- financial reporting;
- performance reporting;
- system of risk oversight and management; and
- system of internal control.

## 1.2 Functions of the Committee

The Committee acts as an advisory committee of the Board. It assists the Board in developing Board policy and monitoring organisational activity within the scope of this Charter. It also makes recommendations to the Board for consideration and approval. To accomplish its role, the Committee will:

- (a) monitor the effectiveness of the risk management framework, its implementation and EFA's adherence to procedures and make recommendations to the Board on changes to the framework;
- (b) monitor the effectiveness of the internal control environment and procedures designed to achieve compliance with laws, regulations, internal standards and policies;
- (c) oversee compliance relating to financial reporting and disclosure and regulatory reporting;
- (d) make recommendations to the Board on the appointment, assessment and removal of the internal auditors, and oversee their independence;
- (e) assist the Australian National Audit Office (**ANAO**) with the appointment, assessment and removal of external auditors, and oversee their independence;
- (f) annually review and advise on external and internal audit fees, plans and their scope of works; and
- (g) provide an effective forum for communication between the Directors, the Executive team and the internal and external auditors.

The Board retains primary responsibility for managing transaction risk associated with individual counterparties and portfolio risk as a whole against available capital.

# 2. Duties and Responsibilities

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## 2.1 Oversight of risk management and internal controls

- review and provide advice to the Board on the appropriateness of EFA's:
  - risk management framework and the necessary internal controls for the effective identification and management of EFA's financial and non-financial risks;
  - approach to managing its key risks, including those associated with individual projects and program implementation activities;
  - process for developing and implementing EFA's fraud control arrangements consistent with the fraud control framework, and satisfy itself that it has adequate processes for detecting, capturing and effectively responding to fraud risks; and
  - key roles and responsibilities relating to risk management, with reference to any specific areas of concern or suggestions for improvement;
- satisfy itself that the current areas of greatest financial and non-financial risk to EFA have been identified and that the Executive team are effectively managing the risks;
- satisfy itself that effective systems of operational controls are in place to manage non-financial risk such as business continuity, reputation and cyber risk; and
- satisfy itself that effective systems of accounting, administrative and operational controls are in

place to manage financial risk so that timely and meaningful financial statements are available to stakeholders.

## 2.2 Financial and performance reporting

- review the annual and half-yearly financial statements and recommend acceptance by the Board;
- review and advise the Board on the appropriateness of EFA's accounting policies and practices in the light of relevant laws, accounting standards and principles;
- satisfy itself that relevant issues relating to dividend policy have been raised for consideration by the Executive team to the Board; and
- review the appropriateness of EFA's performance reporting and review the annual performance statement and refer to the Board for consideration and approval.

## 2.3 Compliance matters

- monitor compliance with obligations under the PGPA Act and any other applicable legislation;
- monitor compliance with Board approved financial and non-financial limits and controls;
- monitor changes of significance to EFA in relation to applicable laws, regulations, accounting policies and regulatory / reporting requirements; and
- monitor updates from the Executive team regarding compliance matters that may have a material impact on EFA.

## 2.4 Internal and external audit

- review the audit philosophy adopted by the internal and external auditors and their systems and procedures;
- review and assess the findings of the internal and external auditors and the action taken as well as the timetable proposed by the Executive team in response to those findings; and
- review, at least annually, the scope, results and performance of the external and internal auditors.

## 2.5 Other responsibilities

- commission such special audits or investigations as may be necessary;
- perform any other tasks the Board may authorise from time to time;
- determine whether to approve any consultants to the ANAO undertaking any non-audit consultancy work for EFA; and
- conduct its work in a proactive and outward-looking manner, having regard to better practice as it may apply in the context of EFA's business, mandate and stakeholders.

## 3. Membership

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The Committee will consist of at least three members, with a minimum of two non-executive Directors of the Board, and all of whom are not EFA employees. None of the Board Chair, Managing Director & CEO or Chief Financial and Operating Officer shall be a Committee member.

All Committee members should have appropriate qualifications, knowledge, skills and experience to assist the Committee to perform its functions.

The Board will appoint Committee members. They will be subject to rotation as determined by the Board.

The Board will appoint one of the Committee members as Committee Chair.

Membership of the Committee will be reviewed by the Board periodically.

Whenever possible, members designated will attend Committee meetings during a transition period prior to the retirement of the member that they will replace.

Any Board member is welcome to attend any Committee meeting (though only Committee members can vote).

## **4. Participation of Non-members**

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Internal and external auditors and employees of EFA may attend and participate (but will not be entitled to vote) at Committee meetings.

The Managing Director & CEO and Chief Financial and Operating Officer are expected to attend Committee meetings, together with such other members of the Executive and the senior leadership teams as the Committee determines.

The Committee will have a discussion with the external auditors and internal auditors, at least once a year, without members of the Executive in attendance.

The Committee will be entitled to call upon the expert advice it determines is appropriate to enable the Committee to satisfy its responsibilities and meet its objectives. The Committee will be provided with the necessary resources to obtain expert advice.

## **5. Meetings**

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The Committee will hold at least three meetings per year or such greater number as the Chair may determine. A Committee member may attend a meeting via telephone or video conference rather than in person.

At a Committee meeting, a quorum consists of two members.

Committee members will not participate in discussions and will not vote on any issues in respect of which there is an actual, potential or perceived conflict of interest.

## **6. Minutes**

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The Board Secretary will keep minutes of Committee meetings. The minutes, or relevant extracts from them, will be provided to the internal and external auditors.

## **7. Internal Audit - Accountability**

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The internal auditors are accountable to the Committee.

While day to day issues under the contract with the outsourced internal auditors will be handled by the Executive team, the internal auditors will have direct access to the Committee at any time.

The Committee will monitor that the Executive team has in place a process for the internal audit to be conducted and that it is functioning objectively and effectively.

## **8. External Auditors**

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The Committee is the channel to the Board for communication with the external auditors, including the ANAO and any consultants engaged by the ANAO.

The Committee will meet separately with the external auditors to discuss any matters the Committee or external auditors believe should be discussed privately.

The Committee will also:

- regularly review with the external auditors the scope of the external audit, identified risk areas and any other agreed procedures;
- regularly review the effectiveness and independence of the external auditors;
- meet periodically with the external auditors and invite them to attend meetings of the Committee to:
  - review plans for carrying out internal control reviews;
  - consider any comments and recommendations made by the external auditors; and
  - make recommendations to the Board;
- monitor and report to the Board on the Executive team's response to the external auditor's findings and recommendations;

- review all representation letters to the external auditors signed by members of the Executive and ensuring information provided is complete and appropriate; and
- receive and review the reports of the external auditors.

## **9. Access to the Committee**

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On any matter within the Committee's charter, any EFA employee has access to the Committee Chair.

## **10. Access to Information and Management**

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Any access to EFA's employee and business records required by the Committee in order to fulfil its charter will be arranged through the Managing Director & CEO, Chief Financial and Operating Officer or Board Secretary.

## **11. Reporting**

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The Committee Chair will provide a report to the Board following each meeting. The Committee will provide:

- copies of its minutes to the Board;
- as often as necessary and at least annually, an update to the Board on the Committee's work over the previous 12 months; and
- any additional assistance as the Board may require.

## **12. Planning**

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The Executive, the Board Secretary and the Committee will prepare a forward program that details the matters it will consider during a rolling three-year period. Changes to this forward program will be tabled at each meeting.

## **13. Review of Performance**

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The Committee will review the scope and effectiveness of its activities annually. The review will incorporate relevant stakeholder input and the Committee Chair will provide a report to the Board.

## **14. Review of Charter**

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The Committee will review the Charter and the Committee's performance against the Charter annually.