

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
SUPPLEMENTARY BUDGET ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: Future Fund Management Agency

Outcome/Program:

Topic: Committee charters

Senator: Di Natale

Question reference number: F111

Type of question: Hansard, F&PA Committee, Page 5, 29 October 2012

Date set by the committee for the return of answer: Friday, 30 November 2012

Number of pages: 20

Question:

Mr Gonski: We have established a charter for each of the committees, and it has a charter.

Senator DI NATALE: Are you able to table the charter for each of those committees?

Mr Gonski: If I cannot, it is only because I do not have it.

Senator Wong: We will take that on notice.

Senator DI NATALE: Thank you.

Answer:

Charters for the Audit Committee, Risk Committee, Governance Committee and Conflicts Committee are appended. The charter for the Remuneration and Nominations Committee has not yet been approved and so cannot be provided.



AUDIT COMMITTEE CHARTER

1. An Audit Committee (the "Committee") has been established in compliance with section 46 of the Financial Management and Accountability Act 1997 (FMA Act) and the Financial Management and Accountability Regulations Regulation 22C.
2. Section 80 of The Future Fund Act 2006 (as amended) gives effect to section 46 of the FMA Act so that it operates to treat the Board and the Future Fund Management Agency (FFMA) as though they were a single Agency. This means that there will be a single Audit Committee for both the Board and the FFMA.
3. The Audit Committee reports to the Board. Where actions are required to be undertaken by the Chairman of the Board, in his capacity as the statutory chief executive of the FFMA, the Committee shall make appropriate recommendations to the Chairman of the Board provided that such recommendations are in compliance with section 79 of the Future Fund Act 2006.

Objective

4. The Board will take specific responsibility for the oversight and management of investment risk. Investment risk is defined as market, liquidity, interest rate, credit and foreign currency risk. The Board will set the strategic asset allocation and approve the appointment of managers who undertake investments on its behalf. The Board shall set for the FFMA parameters within which the investment program should operate, including risk measurement and reporting requirements to enable effective management of investment risks.
5. The objective of the Committee is to provide assurance and assistance to the Board on the Future Fund's risk, control and compliance framework, and its external accountability responsibilities. The Committee has specific responsibility for the oversight of all risks with the exception of investment risk.
6. The FFMA Operational Risk & Compliance Committee (the "ORCC") exists to assist the Board and Audit Committee in the effective management of these risks as defined in the Risk Register.
7. The ORCC also monitors the implementation of and subsequent compliance with Board approved investment policies, practices, procedures and authorities ensuring adequate reporting of the compliance to the Board and Audit Committee.

Authority

8. The Board authorises the Committee, within the scope of its role and responsibilities, to:

- 8.1. obtain information from FFMA employees and members of the Board, the external auditor and/or their appointed agent, the internal auditors and other external parties (subject to their legal obligation to protect information and confidentiality considerations);
- 8.2. request the attendance of any FFMA employee or Board members at committee meetings; and

- 8.3. obtain any professional advice considered necessary to meet its responsibilities at the expense of the Future Fund.

Structure

9. The Committee will consist of the members of the Board (excluding the Chairman).
10. The Chairman of the Board, the General Manager of the FFMA, the Head of Finance of the FFMA, and any other person deemed appropriate by the Chair of the Committee may attend meetings as observers.

Roles and Responsibilities

11. The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities and the responsibilities of the Committee may be revised or expanded by the Board from time to time.
12. The Committee's responsibilities are to:

Risk Management

- 12.1. review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of the Future Fund's financial and business risks, including fraud;
- 12.2. review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- 12.3. review the impact of the Future Fund's risk management framework on its control environment and insurance arrangements;
- 12.4. review whether a sound and effective approach has been followed in establishing the Future Fund's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically; and
- 12.5. review the Future Fund's fraud control plan and satisfy itself the Future Fund has appropriate processes and systems in place to capture and effectively investigate fraud related information.

Control Framework

- 12.6. review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective;
- 12.7. review whether management has in place relevant policies and procedures, including Chief Executive Instructions, and that these are periodically reviewed and updated;
- 12.8. review whether appropriate policies and procedures are in place for the management and exercise of delegations;
- 12.9. determine whether the appropriate processes are in place to assess whether

- 12.10. consider how management identifies any required changes to the design or implementation of internal controls; and
- 12.11. oversee whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

External Accountability

- 12.12. review the financial statements and provide advice to the Board (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Board;
- 12.13. satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal controls;
- 12.14. satisfy itself that the Future Fund has appropriate mechanisms in place to review and implement, where appropriate, relevant Parliamentary Committee, Australian National Audit Office and other relevant reports and recommendations; and
- 12.15. satisfy itself that the controls surrounding the calculation of the Future Fund's performance are adequate for the purposes of implementing the performance management framework as approved by the Board Committee for Agency Appointments, Remuneration and Development.

Legislative Compliance

- 12.16. determine whether management has appropriately considered legal and compliance risks as part of the Future Fund's risk assessment and management arrangements; and
- 12.17. review the effectiveness of the system for monitoring the Future Fund's compliance with relevant laws, regulations and associated government policies.

Internal Audit

- 12.18. provide advice to the Board on the appointment of an internal auditor;
- 12.19. question the internal auditor (at least annually) in the absence of executives of the FFMA and the external auditors, on any matter it deems appropriate, including the performance of executives of the FFMA and/or internal audit and/or questions on the interaction of internal audit with the external auditor or any appointed agent to ensure efficient audit coverage of the identified risks;
- 12.20. act as a forum for communication between the Board, executives of the FFMA and the internal auditor;
- 12.21. approve the internal auditor's coverage and annual work plan, ensuring the plan is based on the Future Fund's risk management plan;
- 12.22. oversee the coordination of audit programs conducted by the internal auditor and other review functions;

- 12.23. review all audit reports and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
- 12.24. monitor management's implementation of internal audit recommendations; and

External Audit

- 12.25. act as a forum for communication between the Board, executives of the FFMA and the external auditor;
- 12.26. question the external auditor or any appointed agent (at least annually) in the absence of executives of the FFMA and the internal auditors on any matter it deems appropriate, including the role of and performance of the internal auditor and executives of the FFMA;
- 12.27. provide input and feedback on the financial statement and performance audit coverage proposed by the external auditor and provide feedback on the audit services provided;
- 12.28. review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations; and
- 12.29. provide advice to the Board on action taken on significant issues raised in relevant external audit reports and better practice guides.

Reporting

- 13. The Committee will regularly, but at least once a year, report to the Board on its operation and activities during the year. The report should include:
 - 13.1. a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
 - 13.2. a summary of the Future Fund's progress in addressing the findings and recommendations made in internal and external audit reports; and
 - 13.3. an overall assessment of the Future Fund's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the organisation.
 - 13.4. a copy of the Board questionnaire containing the relevant certificates and assurances provided by management in relation to the control environment of the Future Fund.
- 14. The Committee may, at any time, report to the Board any other matter it deems of sufficient importance to do so.

Administrative Arrangements

Meetings

- 15. The Committee will meet at least four times per year. A special meeting may be held to review the Future Fund's annual financial statements.
- 16. The Chair is required to call a meeting if requested to do so by another Committee member.
- 17. A forward meeting plan, including meeting dates and agenda items, will be prepared by the FFMA and agreed by the Chair in February each year. The forward meeting plan will cover all of the Audit Committee's responsibilities as detailed in this charter.

Attendance at Meetings and Quorums

18. A quorum will consist of a majority of Committee members ie four. Meetings can be held in person, by telephone or by video conference.

19. The Head of Finance will be invited to attend each meeting, unless requested not to do so by the Chair of the committee. The Committee may also request the General Manager or other employees attend Committee meetings or participate for certain agenda items.

20. The Chairman of the Board may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

Secretariat

21. The Board Secretariat will provide secretariat support to the Committee. The Board Secretariat, in conjunction with the FFMA's Finance Department, will ensure the agenda for each meeting and supporting papers are circulated, after discussion with the Chair, at least three working days before the meeting. The draft minutes of the meetings are prepared and must be approved as soon as practicable post the meeting by the Chair.

Conflicts of interest

22. Audit Committee members in their capacity as Board members provide written declarations to the Board stating they do not have any conflicts of interest. This declaration includes any conflict of interest that would preclude them from being members of the Committee.

23. Audit Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

24. Where members or observers at Audit Committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from committee deliberations on the issue where a conflict of interest exists.

Induction

25. New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Assessment arrangements

26. The Chair of the Audit Committee, in consultation with the Board, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairman of the Board) with appropriate input sought from the internal and external auditors, management and any other relevant stakeholders, as determined by the Chairman of the Board.

Review of charter

27. At least once a year the Committee will review this charter. Any substantive changes to the charter will be recommended by the Committee and formally approved by the Board.



Conflicts Committee Charter

1. Background

1.1. The Future Fund Board of Guardians (the **Board**) adopted its Governance Statement on 23 November 2010 (**Governance Statement**) and the Governance Statement has since been amended by resolution of the Board on 22 February 2011.

1.2. The Governance Statement has established a foundation for the manner in which the Board's statutory powers and responsibilities under the Future Fund Act 2006 (Cth) (**Future Fund Act**) and the Nation-building Funds Act 2008 (Cth) (**NBF Act**) are exercised and discharged, having regard to principles of good governance, international best practice and applicable laws.

1.3. The Governance Statement recognises the independence of the Board and Board members and addresses associated Board member notification and disclosure obligations in respect of material personal interests in accordance with the Division 8 conflict of interest provisions of the Future Fund Act.

1.4. The Conflicts Committee (the **Committee**) was established by resolution of the Board on 24 April 2012.

1.5. The Committee through its Chair reports to the Board and advises the Board on matters falling within the scope of the Committee's responsibilities. Such advice may be in the form of minutes of the Committee's meetings, supporting papers and written or oral reports at Board meetings.

2. Objective

2.1. The main objective of the Committee is to advise the Board in relation to questions of possible conflicts of interest arising for Board and Board Committee members.

3. Authority

3.1. The Board authorises the Committee, within the scope of its role and responsibilities:

- i) to obtain information from Future Fund Management Agency (**Agency**) employees and members of the Board and other external parties (subject to their legal obligation to protect information and confidentiality considerations);
- ii) to request the attendance of any Agency employee or Board members at Committee meetings;

iii) to obtain any professional advice considered necessary to meet its responsibilities at the expense of the relevant Funds; and

iv) to refer matters to any other Board Committees as determined appropriate by the Committee.

4. Structure

4.1. The Committee will consist of six members of the Board.

4.2. The Managing Director of the Agency and any other person deemed appropriate by the Chair of the Committee may attend meetings as an observer.

5. Roles and responsibilities

5.1. The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities and the responsibilities of the Committee may be revised or expanded by the Board from time to time.

5.2. The role of the Chair of the Committee is:

- i) to determine the Agenda for Committee meetings;
- ii) to chair meetings of the Committee and take reasonable steps for the proper functioning of the Committee and conduct of Committee meetings;
- iii) to take reasonable steps to advise the Board on the Committee's recommendations to the Board on matters falling within the scope of the Committee's responsibilities;
- iv) to review the minutes of meeting of the Committee and sign minutes approved by the Committee; and
- v) to act under any delegation of the Board and/or the Committee.

5.3. The Committee's responsibilities are:

- i) to advise the Board in relation to questions of possible conflicts of interest arising for Board members, Board Committee members and Agency staff members;
- ii) to annually review the Board's governance framework and the Governance Statement with respect to conflict of interest issues and provide recommendations to the Board in relation to any action to be taken including any variations proposed to the Governance Statement;
- iii) to review developments in corporate governance and recommend to the Board the adoption of policies, practices and standards relating to conflict of interest issues which the Committee considers are appropriate and in the best interests of the organisation; and
- iv) to monitor and review Board policies, procedures and guidelines in connection with conflict of interest issues as directed by the Board from time to time including but not limited to the following policies and guidelines:
 - the Board's Disclosure of Interests Guidelines for Board members; and
 - the Board's policy with respect to the use of commercial premises by the Board and Board Committees.

6. Reporting

6.1. The Committee will regularly, but at least once a year, report to the Board on its operation and activities during the year. The report should include a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year.

6.2. The Committee may, at any time, report to the Board any other matter it deems of sufficient importance to do so.

7. Meetings

7.1. The Committee will meet at least twice each year. Other meetings may be held as determined appropriate by the Chair of the Committee.

8. Attendance at meetings and quorum

8.1. A quorum will consist of a majority of Committee members. Meetings can be held in person, by telephone or by video conference.

8.2. The Managing Director will be invited to attend each meeting, unless requested not to do so by the Chair of the Committee. The Committee may also request other Agency employees to attend Committee meetings or to participate for certain agenda items.

9. Secretariat

9.1. The Board Secretariat will provide secretariat support to the Committee. The Board Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after discussion with the Chair, at least three working days before a meeting. The draft minutes of the Committee's meetings will be prepared by the Board Secretary and must be approved as soon as practicable post the meeting by the Chair of the Committee. The draft minutes will be tabled at the next Board meeting following the Committee meeting.

10. Conflicts of interest

10.1. Committee members in their capacity as Board members provide written declarations to the Board of any conflicts of interest. This declaration includes any conflict of interest that would preclude them from being members of the Committee.

10.2. Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

10.3. Where members or observers at Committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from Committee deliberations on the issue where a conflict of interest exists.

11. Induction

11.1. New Committee members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

12. Assessment arrangements

12.1. The Chair of the Committee, in consultation with the Board, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairman of the Board) with appropriate input sought from the Agency and any other relevant stakeholders, as determined by the Chairman of the Board.

13. Review of charter

13.1. The Committee will review this charter at least once each year. Any substantive changes to the charter will be recommended by the Committee and approved by the Board.



Governance Committee Charter

1. Background

- 1.1. The Future Fund Board of Guardians (the **Board**) adopted its Governance Statement on 23 November 2010 (**Governance Statement**) and the Governance Statement has since been amended by resolution of the Board on 22 February 2011.
- 1.2. The Governance Statement has established a foundation for the manner in which the Board's statutory powers and responsibilities under the Future Fund Act 2006 (Cth) (**Future Fund Act**) and the Nation-building Funds Act 2008 (Cth) (**NBF Act**) are exercised and discharged, having regard to principles of good governance, international best practice and applicable laws.
- 1.3. The Governance Committee (the **Committee**) was established by resolution of the Board on 24 April 2012.
- 1.4. The Committee through its Chair reports to the Board and advises the Board on matters falling within the scope of the Committee's responsibilities. Such advice may be in the form of minutes of the Committee's meetings, supporting papers and written or oral reports at Board meetings.

2. Objective

2.1. The main objective of the Committee is assist the Board to maintain the most appropriate governance standards to ensure that the Board's system of governance is continually refined and operating to improve the value of the investment process and arrangements for the Future Fund and the three Nation-building Funds – the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, and any other funds as directed by the Commonwealth from time to time (collectively, Funds).

3. Authority

- 3.1. The Board authorises the Committee, within the scope of its role and responsibilities:
 - i) to obtain information from Future Fund Management Agency (**Agency**) employees and members of the Board and other external parties (subject to their legal obligation to protect information and confidentiality considerations);
 - ii) to request the attendance of any Agency employee or Board members at Committee meetings;
 - iii) to obtain any professional advice considered necessary to meet its responsibilities at the expense of the relevant Funds; and

- iv) to refer matters to any other Board Committees as determined appropriate by the Committee.

4. Structure

- 4.1. The Committee will consist of a minimum of four members of the Board.
- 4.2. The Managing Director of the Agency and any other person deemed appropriate by the Chair of the Committee may attend meetings as an observer.

5. Roles and responsibilities

- 5.1. The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities and the responsibilities of the Committee may be revised or expanded by the Board from time to time.
- 5.2. The role of the Chair of the Committee is:
 - i) to determine the Agenda for Committee meetings;
 - ii) to chair meetings of the Committee and take reasonable steps for the proper functioning of the Committee and conduct of Committee meetings;
 - iii) to take reasonable steps to advise the Board on the Committee's recommendations to the Board on matters falling within the scope of the Committee's responsibilities;
 - iv) to review the minutes of meeting of the Committee and sign minutes approved by the Committee; and
 - v) to act under any delegation of the Board and/or the Committee.
- 5.3. The Committee's responsibilities are:
 - i) to annually review the Board's governance framework and the Governance Statement and provide recommendations to the Board in relation to any action to be taken with respect to the governance framework and any variations proposed to the Governance Statement;
 - ii) to review legislation (including Bills and legislative reform proposals) and developments in corporate governance and recommend to the Board the adoption of policies, practices and standards which the Committee considers are appropriate and in the best interests of the organisation and the Funds;
 - iii) to review the annual report corporate governance statement during the Agency's annual preparation and development process and provide recommendations to the Board in relation to the scope and content of the annual report having regard to the reporting requirements prescribed by section 81 of the Future Fund Act;
 - iv) to monitor and make recommendations to the Board in relation to the corporate governance framework of the Board's wholly-owned subsidiaries, the Future Fund Investment Companies;
 - v) to monitor and make recommendations to the Board on appointments of Board Freedom of Information decision makers;

vi) to monitor and review Board policies and procedures as directed by the Board from time to time including but not limited to the following established policies:

General Information Barrier and Trading Policy;

Ownership Rights and ESG Risk Management Policy; and

vii) to review other relevant corporate governance policies and related procedures of the organisation as determined appropriate by the Committee having regard to its responsibilities to ensure that they are periodically reviewed and updated.

6. Reporting

6.1. The Committee will regularly, but at least once a year, report to the Board on its operation and activities during the year. The report should include a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year.

6.2. The Committee may, at any time, report to the Board any other matter it deems of sufficient importance to do so.

7. Meetings

7.1. The Committee will meet at least twice each year. Other meetings may be held as determined appropriate by the Chair of the Committee.

8. Attendance at meetings and quorum

8.1. A quorum will consist of a majority of Committee members. Meetings can be held in person, by telephone or by video conference.

8.2. The Managing Director will be invited to attend each meeting, unless requested not to do so by the Chair of the Committee. The Committee may also request other Agency employees to attend Committee meetings or to participate for certain agenda items.

9. Secretariat

9.1. The Board Secretariat will provide secretariat support to the Committee. The Board Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after discussion with the Chair, at least three working days before a meeting. The draft minutes of the Committee's meetings will be prepared by the Board Secretary and must be approved as soon as practicable post the meeting by the Chair of the Committee. The draft minutes will be tabled at the next Board meeting following the Committee meeting.

10. Conflicts of interest

10.1. Committee members in their capacity as Board members provide written declarations to the Board of any conflicts of interest. This declaration includes any conflict of interest that would preclude them from being members of the Committee.

10.2. Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

10.3. Where members or observers at Committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from Committee deliberations on the issue where a conflict of interest exists.

11. Induction

11.1. New Committee members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

12. Assessment arrangements

12.1. The Chair of the Committee, in consultation with the Board, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairman of the Board) with appropriate input sought from the Agency and any other relevant stakeholders, as determined by the Chairman of the Board.

13. Review of charter

13.1. The Committee will review this charter at least once each year. Any substantive changes to the charter will be recommended by the Committee and approved by the Board.



Risk Committee Charter

The Risk Committee (**Committee**) is established by the Future Fund Board of Guardians (**Board**) and reports to the Board. Where actions are required to be undertaken by the Chairman of the Board, in his capacity as the statutory chief executive of the Future Fund Management Agency (**FFMA**), the Committee shall make appropriate recommendations to the Chairman of the Board provided that such recommendations are in compliance with section 79 of the Future Fund Act 2006 (Cth).

1. Objective

1.1. The objective of the Committee is to provide assurance to the Board that the Future Fund's risks as defined in the Risk Register are appropriately identified and managed. In meeting this objective, the Committee will ensure the completeness of the Risk Register and the appropriate allocation and management of each risk either by the Committee itself, the Board, another Board Committee or the FFMA.

1.2. The Committee has specific responsibility for the oversight of all risks with the exception of investment risk.

1.3. The Board will take specific responsibility for the oversight and management of investment risk. Investment risk is defined as market, liquidity, interest rate, credit and foreign currency risk. The Board will set the strategic asset allocation and approve the appointment of managers who undertake investments on its behalf. The Board shall set for the FFMA parameters within which the investment program should operate, including risk measurement and reporting requirements to enable effective management of investment risks.

1.4. The FFMA Operational Risk & Compliance Committee (**ORCC**) exists to assist the Board and the Risk Committee in the effective management of these risks as defined in the Risk Register.

1.5. The ORCC also monitors the implementation of and subsequent compliance with Board approved investment policies, practices, procedures and authorities ensuring adequate reporting of the compliance with these items to the Board and Risk Committee.

2. Authority

2.1. The Board authorises the Committee, within the scope of its role and responsibilities, to:

- i) obtain information from FFMA employees and members of the Board, the external auditor and/or their appointed agent, the internal auditors and other external parties (subject to their legal obligation to protect information and confidentiality considerations);

- ii) request the attendance of any FFMA employee or Board members at Committee meetings; and

A263479

Risk Committee Charter August 2012

- iii) obtain any professional advice considered necessary to meet its responsibilities at the expense of the Future Fund.

3. Structure

3.1. The Committee will consist of three members of the Board (excluding the Chairman).

3.2. The Chairman of the Board, the Managing Director of the FFMA, the Chief Investment Officer of the FFMA, the Chief Financial Officer of the FFMA, and any other person deemed appropriate by the Chair of the Committee may attend meetings as observers.

4. Roles and Responsibilities

4.1. The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities and the responsibilities of the Committee may be revised or expanded by the Board from time to time.

4.2. The Board may from time to time refer risk related matters, including investment risk, to the Committee for consideration. The Committee will report to the Board on these referred matters as required.

4.3. The Audit Committee may delegate certain of its responsibilities to the Committee. The Committee may be directly responsible and accountable to the Audit Committee for the exercise of these responsibilities and will report to the Audit Committee on a regular basis. The following specific responsibilities may be delegated:

- i) Risk Management

- review whether the FFMA has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of the Future Fund's risks,

- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;

- review the impact of the Future Fund's risk management framework on its control environment and insurance arrangements;

- review whether a sound and effective approach has been followed in establishing the Future Fund's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

- ii) Control Framework

- review whether the FFMA's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective;

review whether the FFMA has in place relevant policies and procedures, including Chief Executive Instructions, and that these are periodically reviewed and updated;

review whether appropriate policies and procedures are in place for the management and exercise of delegations;

determine whether the appropriate processes are in place to assess whether policies and procedures are complied with;

consider how the FFMA identifies any required changes to the design or implementation of internal controls; and

oversee whether the FFMA has taken steps to embed a culture which is committed to ethical and lawful behaviour.

iii) Legislative Compliance

determine whether the FFMA has appropriately considered legal and compliance risks as part of the Future Fund's risk assessment and management arrangements; and

review the effectiveness of the system for monitoring the Future Fund's compliance with relevant laws, regulations and associated government policies.

iv) Internal Audit

provide input to the internal auditor's coverage and annual work plan, ensuring the plan is based on the Future Fund's Risk Register;

provide input to the coordination of audit programs conducted by the internal auditor and other review functions;

review relevant audit reports and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice; and

monitor the FFMA's implementation of internal audit recommendations.

5. Reporting

5.1. The Committee will regularly, but at least once a year, report to the Board on its operation and activities during the year. The report should include:

- i) a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year; and
- ii) an overall assessment of the Future Fund's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the organisation.

5.2. The Committee may, at any time, report to the Board any other matter it deems of sufficient importance to do so.

6. Administrative Arrangements

6.1. Meetings

- i) The Committee will meet at least four times per year.
- ii) A forward meeting plan, including meeting dates and agenda items, will be prepared by the FFMA and agreed by the Chair in February each year. The forward meeting plan will cover all of the Committee's responsibilities as detailed in this charter.

6.2. Attendance at Meetings and Quorums

- i) A quorum will consist of a majority of Committee members ie two. Meetings can be held in person, by telephone or by video conference.

6.3. Secretariat

- i) The Board Secretariat will provide secretariat support to the Committee. The Board Secretariat, in conjunction with the FFMA's Finance team, will ensure the agenda for each meeting and supporting papers are circulated, after discussion with the Chair, at least three working days before the meeting. The draft minutes of the meetings are prepared and must be approved as soon as practicable post the meeting by the Chair. The minutes are to be tabled at the next Board meeting following the Committee meeting.

6.4. Conflicts of interest

- i) Committee members in their capacity as Board members provide written declarations to the Board stating they do not have any conflicts of interest. This declaration includes any conflict of interest that would preclude them from being members of the Committee.
- ii) Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.
- iii) Where members or observers at Committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from Committee deliberations on the issue where a conflict of interest exists.

6.5. Induction

- i) New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

6.6. Assessment arrangements

i) The Chair of the Committee, in consultation with the Board, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairman of the Board) with appropriate input sought from the internal and external auditors, FFMA executives and any other relevant stakeholders, as determined by the Chairman of the Board.

6.7. Review of Charter

i) At least once a year the Committee will review this charter. Any substantive changes to the charter will be recommended by the Committee and formally approved by the Board.