

ASSEMBLY FINANCE AND AUDIT COMMITTEE CHARTER

1. Introduction

The National Assembly has adopted revised Regulations 3.6.31 to 3.6.33 for the establishment of a Finance and Audit Committee. These Regulations set out the basic charter of responsibilities and scope for the work of the Committee.

The purpose of this document is to provide additional guidelines and tasks expected to be undertaken by the Committee.

The functions and responsibilities of the Finance and Audit Committee fall into four key areas:

- (i) External reporting
- (ii) Financial management, including budgets and management reporting
- (iii) External audit and internal audit and controls
- (iv) Review the operation & implementation of risk management policies (3.6.33)

2. Membership

The membership of the Committee shall be in accordance with Regulation 3.6.31.

3. Meetings

- 3.1 Meetings of the Committee shall be convened by the Chairperson in consultation with the Chief Financial Officer as necessary or appropriate to ensure the satisfactory fulfilment of its responsibilities.
- 3.2 A quorum for meetings of the Committee shall be three members other than the General Secretary or Chief Financial Officer.
- 3.3 The Chairperson is required to call a meeting if asked to do so by the Standing Committee.
- 3.4 A forward meeting plan, including dates and agenda items, will be agreed by the committee each year. The forward meeting plan will cover all of the Audit Committee's responsibilities, as detailed in this Charter.
- 3.5 The Chief Financial Officer shall be responsible for ensuring that minutes shall be kept of all meetings. Copies of minutes shall be available to members of the Assembly Standing Committee.
- 3.6 Meetings may be held in person, by telephone or by video conference.

4. External Reporting

Within this area of responsibility, the Committee will:

- 4.1 Review and assess the appropriateness of the accounting policies and principles of the Assembly.
- 4.2 Review any significant changes to the accounting policies and principles as advised or proposed by the Chief Financial Officer.
- 4.3 Ensure that financial reports comply with 4.1.

- 4.4 Review the financial statements of the Assembly and Assembly Agencies and provide advice to the Standing Committee (including whether appropriate action has been taken in response to audit recommendations and adjustments).
- 4.5 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.
- 4.6 Review the processes in place designed to ensure that financial information included in the Assembly and Assembly Agency annual reports and Triennial Reports to Assembly is consistent with the audited financial statements.

5. Financial Management

Within this area of responsibility, the Committee will:

- 5.1 Review all annual budgets prior to their presentation to the Standing Committee and provide such report and recommendations to the Standing Committee as considered necessary.
- 5.2 Review the progressive financial performance of the Assembly during the year.
- 5.3 Provide such reports as may be necessary to the Standing Committee on the financial performance and position of the Assembly.
- 5.4 Examine any significant financial transactions affecting the Assembly.

6. External Audit & Internal Audit and Controls

Within this area of responsibility, the Committee will:

- 6.1 Receive and monitor related party transactions and assess their propriety.
- 6.2 Oversight key areas relating to the external audit of the Assembly. In particular, the Committee should:
 - 6.2.1 make recommendations to the Standing Committee on the appointment, reappointment or replacement, remuneration, monitoring of the effectiveness, and independence of the external auditor;
 - 6.2.2 review and assess the independence of the external auditor, including but not limited to any relationships with the Assembly or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Assembly;
 - 6.2.3 review and assess any prospect of auditor replacement and / or tender suggested by management. Before any decision is made, the Audit Committee should report the results of its investigation to the Standing Committee and make recommendations;
 - where the decision for replacement or a new tender is made, this tender should then be conducted by the Audit Committee;
 - 6.2.4 review and agree on the terms of engagement for the external auditor at the start of each audit;
 - 6.2.5 review the scope of the external audit with the external auditor including identified risk areas and any additional agreed-upon procedures;
 - 6.2.6 review and assess non-audit service (NAS) provision by the external auditor, with particular consideration given to the potential for the provision of these services to impair or appear to impair the external auditor's judgement or independence in respect of the Assembly;
 - 6.2.7 review the external auditor's audit fee, and be satisfied that an effective, comprehensive and complete audit can be conducted for that fee;
 - in addition to reviewing the audit fee, the audit committee should review and assess total fees paid to the external auditor, considering in particular fees paid for NAS provision, and these fees as a proportion of total fees;
 - 6.2.8 review and monitor management's responsiveness to the external auditor's findings and recommendations;

- 6.2.9 review with the external auditor any significant disagreements between the external auditor and management, irrespective of whether they have been resolved;
- 6.2.10 review all representation letters signed by management, and be satisfied that the information provided is complete and appropriate;
- 6.2.11 at least annually, meet with the external auditor without the presence of management.
- 6.3 The audit committee should review and assess internal processes for determining, monitoring and assessing key risk areas. In particular the audit committee should consider:
- ♦ non-compliance with laws, regulations, standards and best practice guidelines;
 - ♦ important judgements and accounting estimates;
 - ♦ litigation and claims;
 - ♦ fraud and theft; and
 - ♦ any other business risks that are not dealt with by a specific Assembly committee.
- 6.4 In relation to these risk areas, the Audit Committee should ensure:
- ♦ that the Assembly has an effective risk management system in place, including for macro risks, and that the Committee assesses this system;
 - ♦ that the Assembly has an effective internal control system in place, and that the Committee assesses this system;
 - ♦ that the Assembly has a system in place for unusual and / or high risk transactions and that the Committee assesses this system;
 - ♦ that the Assembly has a clear policy and procedure for reporting, actioning and documenting breaches of laws, including fraud and theft;
 - ♦ that it receives from management reports on all actual and suspected breaches of laws, including fraud and theft; and
 - ♦ that it meets periodically with management, and external and internal auditors to discuss the company's control environment, including the processes for improvement in place;
 - ♦ that a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

7. Assessment and Review

- 7.1 The Chairperson of the committee, in consultation with the *President*, will initiate a review of the performance of the committee at least once every three years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Standing Committee) with appropriate input sought from the Standing Committee, General Secretary, Finance Director, other management and any other relevant stakeholders.
- 7.2 At least once every three years the committee will review this charter. This review may include consultation with the Standing Committee.

Approved by the Assembly Standing Committee August 2006