

## Audit and Risk Management Committee Charter

### 1 Introduction

The Board of the Sparke Helmore Partnership has established an Audit and Risk Management Committee (**ARC**). The purpose, authority, organisation and roles and responsibilities of the ARC are set out in this Charter.

### 2 Purpose

The Board is responsible for setting the overall strategy and direction of the firm and this includes ensuring management accountability and acting as a guardian of the Partnership interests. In performing these functions the Board, amongst other things, oversees the management of risk. The purpose of the ARC is to assist the Board in meeting this responsibility by overseeing:

- (a) the effectiveness of the firm's risk management and internal control frameworks as they relate to the management of strategic, legal and operational risk
- (b) the effectiveness of the firm's processes for ensuring compliance with applicable legal and regulatory requirements
- (c) the effectiveness of the firm's internal audit function
- (d) the integrity of the firm's financial statements, and
- (e) the effectiveness of the firm's external audit process.

### 3 Authority

The ARC is a Committee of the Board and exercises its authority, and is accountable to the Board for its performance. The Board authorises the ARC to:

- (a) perform activities within the scope of its Charter
- (b) (in consultation with the Board) engage independent counsel and other advisers at the firm's expense to assist with its activities
- (c) require the attendance of the firm's partners, management or staff at ARC meetings as appropriate
- (d) have unrestricted access to members of management, partners, employees and any relevant information, and
- (e) discuss any matters with the external auditors or other external parties as necessary.

### 4 Organisation

#### 4.1 Membership

- (a) The Board will appoint the ARC Chairman and members and may remove or replace the Chairman and ARC members by resolution.
- (b) The ARC will comprise:
  - (i) one external non-executive member of the Board;
  - (ii) one partner from each of the five National Practice Groups (who will not be a member of the Board or the Executive Committee); and

- (iii) any other suitably skilled, experienced or qualified person the Board considers appropriate as a Supplementary ARC member.
- (c) Each ARC member:
  - (i) should have skills and experience appropriate to the firm's business, and
  - (ii) must be financially literate.
- (d) The Chairman must be a member of the Board and, when the position is occupied, an external non-executive member of the Board but cannot also be the Chairman of the Board. The Chairman must have accounting or related financial expertise.
- (e) Members will be appointed for a two year term of office, except a Supplementary ARC member who may be appointed for a shorter term but who, during that term, will have the same rights, powers and obligations as any other ARC member.
- (f) The secretary of the ARC will be the Corporate Secretary, or such other person as nominated by the Board.

## 4.2 Meetings

- (a) A quorum of any ARC meeting will be four ARC members.
- (b) Members of the Board may elect to attend ARC meetings.
- (c) The ARC may invite other people (such as the National Managing Partner, National Executive Officer, Chief Financial Officer and Risk & Compliance Manager, and the external auditors) to all or part of any meeting as it considers necessary.
- (d) External and internal auditors should be invited to make presentations to the ARC as appropriate.
- (e) Meetings will be held not less than four (4) times a year and should align with the firm's financial reporting and Board and Executive Committee meeting cycles.
- (f) The secretary will circulate the minutes of meetings to members of the Board, members of the ARC, National Managing Partner, National Executive Officer, Chief Financial Officer and Risk & Compliance Manager, and the external auditors where appropriate.
- (g) Members of the ARC should attend every meeting of the ARC.
- (h) The ARC will meet with the external auditors at least once a year without management present.

## 5 Roles and responsibilities

### 5.1 Partner ARC members "risk champion" role

Partner ARC members will be the designated "risk champions" within the Partnership. They will have a leadership role in:

- (a) setting the firm's risk management and compliance culture, approach and agenda
- (b) ensuring that the firm's risk management and internal controls are effectively implemented within the Partnership and the Practice Groups, and

- (c) escalating risk management issues to the ARC and to communicate ARC activities to the Partnership and Practice Groups.

## **5.2 Risk management and internal control**

- (a) Annually review and agree the firm's risk management and internal control priorities for the financial year.
- (b) Review and make recommendations in relation to the firm's risk profile, including the identification, assessment and prioritisation of the firm's strategic, legal and operational risks and key risk indicators.
- (c) Provide strategic advice and direction on the firm's risk management approach including in relation to the development and implementation of risk management policies and procedures.
- (d) Evaluate whether management is setting the appropriate "risk culture".
- (e) Ensure that management has appropriate processes for identifying, assessing and responding to risks in accordance with the organisation's risk appetite, and that those processes are operating effectively.
- (f) Ensure internal controls and systems for the approval of transactions and recording and processing of financial data; and the financial statements derived from these measures are subject to appropriate management review and effectively manage financial risks.
- (g) Review and approve the structure and adoption of the firm's insurance program.
- (h) Evaluate the overall effectiveness of the firm's risk management and internal control frameworks and the extent to which management has implemented recommendations made by the ARC and the firm's internal and external auditors.

## **5.3 Compliance with laws, regulations and industry standards**

- (a) Review compliance with firm policies and procedures including review of:
  - (i) harassment incidents involving partners and staff
  - (ii) other significant incidents involving the firm, partners and staff
  - (iii) material complaints against the firm, partners and staff
  - (iv) claims against the firm, partners and staff, and
  - (v) material litigation involving the firm, partners and staff.
- (b) Ensure firm policies and procedures are updated to accommodate legislative regulatory and other changes and such matters are communicated to the affected parties.
- (c) Review the effectiveness of firm systems for ensuring and monitoring compliance with laws, regulations and industry standards and the results of management's investigations and follow up (including disciplinary action) for non-compliance.

- (d) Obtain regular updates from management about compliance matters that may have a material impact on or significant risk to the firm's financial statements, operations, partners and staff or reputation.
- (e) Review the policies, processes and framework for identifying, analysing and addressing complaints (including whistleblowing). Review the findings of any examinations by the regulators.
- (f) Evaluate the firm's exposure to fraud and oversee investigations of allegations of fraud or malfeasance.
- (g) Be satisfied that all regulatory compliance matters related to the business of the firm have been complied in the preparation of financial statements.
- (h) Review and or approve any other matter requested by the Board.

#### **5.4 Internal audit**

- (a) Review and approve the firm's annual Internal Audit Plan, including the scope of internal audit work and any changes that may be required to the program of work.
- (b) Review and approve reports from internal auditors, the effectiveness of the internal audit program and the performance and objectivity of the internal audit function, including:
  - (i) the results of any significant internal audits undertaken and issues raised therein
  - (ii) the internal control structure and procedures for financial reporting processes
  - (iii) whether the internal auditors are adequately qualified, resourced and coordinated with the external auditor
  - (iv) monitoring the independence of the internal audit program from the external audit program and management, and
  - (v) management's responsiveness to internal audit findings and recommendations.

#### **5.5 Financial reporting**

- (a) Maintain an understanding of the areas of greatest financial risk and how these are being managed.
- (b) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.
- (c) Oversee the periodic financial reporting process implemented by management. Meet with management and the external auditors to review interim and annual review financial statements, key accounting policies and decisions and the results of the audit.
- (d) Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditors.

- (e) Review and recommend for approval by the Board the audited annual financial statements for the Sparke Helmore Partnership, the Spamil Discretionary Trust and the Sparke Helmore Group.

#### **5.6 External audit (financial and trust auditors)**

- (a) Review and, where appropriate, make recommendations to the Board in respect of:
  - (i) the procedures for selecting and appointing the external auditors (including the qualifications, experience and background of the audit partner and auditing personnel), and
  - (ii) the appointment, reappointment or removal of the external auditor, including the terms of engagement, remuneration and other contractual terms.
- (b) Review and approve the firm's annual External Audit Plan, including the scope of external audit work and any changes required in the light of the firm's circumstances and changes in regulatory and other requirements.
- (c) Discuss with the external auditors:
  - (i) any audit problems encountered in the normal courses of audit work, including any restriction on audit scope or access to information, and
  - (ii) the appropriateness of accounting policies applied in the firm's financial reports and whether they are considered to be aggressive, balanced or conservative.
- (d) Ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and acted on appropriately.
- (e) Meet separately with the external auditors at least once a year to discuss any matters that the ARC or auditor believes should be discussed privately. Ensure the external auditors have access to the Chairman of the ARC when required.
- (f) Review and make recommendations to the Board on the firm's external auditor report, including the performance, independence and objectivity and fees of the external auditor, and the external auditor's findings.
- (g) Review the firm's policies for the provision of non-audit services by the external auditors and, where applicable, the framework for pre-approval of non-audit services.
- (h) Review the reports of the firm's trust auditors and all trust audits conducted by external parties.

#### **5.7 Practice group / support service risk management reviews**

Once per financial year, require National Practice Group Leaders and Support Service Directors to separately present to the ARC reviews of the system of risk management and internal control within their Practice Group/Support Service areas, including examples of the effectiveness (or lack thereof) in contributing to the firm's strategy and compliance with the firm's approach to risk management and applicable laws and regulations.

### **5.8 Board reporting responsibilities**

- (a) After each meeting, provide a report to the Board about ARC activities and significant risk issues and make appropriate recommendations.
- (b) Ensure the Board is aware of matters that may significantly affect the financial condition or affairs of the firm.
- (c) Prepare any reports required by law, or requested by the Board, such as a report on the ARC's activities and duties.

### **5.9 Evaluating performance**

- (a) Evaluate the ARC's own performance, of individual members and collectively, on a regular basis.
- (b) Assess the achievement of the duties specified in the Charter and report the findings to the Board.

### **5.10 Review of the ARC Charter**

- (a) Review the ARC Charter annually and discuss required changes with the Board.
- (b) Ensure that the Charter is approved or re-approved by the Board.

<b>Policy owner:</b>	<b>Board</b>
<b>Contact:</b>	<b>Risk &amp; Compliance Manager</b>
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