



Public Trust

Audit & Finance Committee Charter

7 December 2023



1. INTRODUCTION

- 1.1. **This Charter:** This Charter sets out the governance requirements for the Audit & Finance Committee (Committee).
- 1.2. **Corporate Governance Principles:** The core governance principles of Public Trust are underpinned by its obligations under the Public Trust Act 2001 and the Crown Entities Act 2004. In forming its governance framework, the Board has also adopted relevant guidance from:
- a) the Financial Markets Authority Corporate Governance in New Zealand: Principles and Guidelines;
 - b) the Treasury's Owner's Expectations Manual;
 - c) principles set out in the Institute of Directors Code of Practice;
 - d) the Public Service Commission; and
 - e) the Office of the Auditor General.

2. PURPOSE OF THE COMMITTEE

- 2.1. **Purpose:** The purpose of the Committee is to assist the Board with independent oversight of the financial reporting process and the associated internal control environment. In fulfilling its purpose the Committee oversees and provides recommendations to the Board by:
- a) reviewing financial statements relating to Public Trust and the Public Trust Managed Funds, including promoting integrity and transparency in financial reporting and ensuring that financial statements comply with relevant accounting standards;
 - b) ensuring the Board is kept appropriately informed of key financial matters;
 - c) overseeing external audit activities including:
 - i. recommending the appointment of external auditors;
 - ii. overseeing all aspects of Public Trust's relationship with external auditors;
 - iii. negotiating auditors' fees;
 - iv. ensuring there is a common understanding with the auditors about the scope and approach to the audit; and
 - v. providing feedback to the full Board regarding auditor independence and performance;
 - vi. identifying and making recommendations based on the external auditor's opinions of Public Trust's internal control framework;
 - vii. monitoring the status of recommendations made by the external auditor;
 - d) identifying, making recommendations and implementing solutions for difficulties that arise during the course of external audits;
 - e) overseeing the preparation and audit of the annual financial statements of CTS client entities where Public Trust acts as a licenced independent trustee and making recommendations that the financial statements can be approved by the Board;
 - f) making recommendations (through the Risk Assurance Committee) in respect to Public Trust's internal audit plan;
 - g) reviewing internal audit reports, with a focus on findings relating to the internal financial control environment;
 - h) making recommendations in respect to the internal financial control environment and relevant financial policies;
 - i) providing feedback and input on the Committee charter and authorities delegated by the Board to the Committee.



- 2.2. **Internal Financial Control:** The Committee Chair will work collaboratively with the Chair of the Risk Assurance Committee in respect to developing the annual internal audit plan, and responding to any internal financial control related findings from internal audits. The Committee Chairs will use best efforts to ensure there is not duplication of work through either Committee.

3. STRUCTURE

- 3.1. **Structure:** The Committee consists of a Committee Chair plus at least two but no more than four other Board Members (i.e. a maximum total of five members), together with such other persons in attendance as the Board considers appropriate from time to time. One of the members will be the Committee Deputy Chair.
- 3.2. **Appointments:** The Board appoints and removes the members of the Committee, the Committee Chair, and the Deputy Committee Chair.
- 3.3. **Board Chair:** The Board Chair is an ex officio member of the Committee, but may not be the Committee Chair. The Board Chair is counted as one of the Board Members required for the purposes of paragraph 3.1.
- 3.4. **Responsibilities of the Committee Chair:** The Committee Chair's role is to manage the Committee effectively, and provide leadership and guidance to ensure that the Committee is operating to the highest governance standards. Specific responsibilities of the Chair include:
- a) presenting Committee recommendations back to the Board at the next scheduled Board meeting immediately following the Committee meeting and leading the Board discussion on such matters;
 - b) ensuring that the Board and the Board Chair are kept informed of matters relating to the Committee's areas of responsibility, and that significant issues are promptly escalated for action by the Board;
 - c) progressing matters with management outside of Committee meetings in a timely manner, either under a delegated authority from the Board or from the Committee;
 - d) maintaining regular engagement with the relevant Executive or management team members;
 - e) providing feedback to the Chief Executive on the performance of relevant Executive members, or to the Executive on the performance of relevant management team members, upon request; and
 - f) maintaining a no surprises policy between the Committee and the Board Chair.
- 3.5. **Independence of the Committee Chair:** The Committee Chair should not have a longstanding association with Public Trust's external audit firm or any other association that a reasonable observer might consider could materially interfere with or compromise the Committee Chair's independent judgment.
- 3.6. **Access to information:** The Committee may investigate any matter falling within its purpose and responsibilities, and for that purpose may have access to Public Trust's books, records, facilities and employees.
- 3.7. **Independent advice:** Committee members may obtain, at Public Trust's cost, independent professional advice relating to the discharge of their responsibilities as a Committee member. Committee members are expected to consult the Committee Chair and the Committee Secretary prior to obtaining the advice, to ensure independence and avoid duplication. Where the advice relates to the Committee Chair or the Committee Secretary, Committee members should consult the Board Chair. A copy of any advice will be made available to all Committee and Board members (other than in exceptional circumstances).



- 3.8. **General:** The following requirements set out in the Board Charter apply to the Committee with all necessary modifications:
- a) integrity and ethical behaviour;
 - b) conflicts of interest; and
 - c) confidentiality and security of information.
- 3.9. **Employees' access to the Committee Chair:** Public Trust employees have an express right of direct access to the Chair of the Committee in relation to any matters of material concern relating to the purpose and responsibilities of the Committee that have been raised through normal management processes and should have (but have not) been properly advised to the Committee in accordance with normal governance processes.
- 3.10. **Auditors' and management access to the Committee Chair:** the external auditors have the express right of direct access to Board Chair and the Committee (via the Committee Chair). The external auditors are responsible for keeping the Committee informed of any significant results or issues identified as and when they arise.
- 3.11. **Relationship between the Committee and Management:** there is a no surprises policy between management and the Committee.

4. RESPONSIBILITIES OF THE COMMITTEE

- 4.1. **Main responsibilities:** The Committee is responsible for reviewing and making recommendations to the Board in relation to its purpose (as set out in clause 2.1).
- 4.2. **No authority:** The Committee has no authority to make decisions or take actions on behalf of the Board unless specifically mandated by this Charter and Schedule A or authorised by the Board. The Board and Committee recognise that the function of the Committee is not to replace the ultimate decision-making of the full Board, but instead to make recommendations to the Board.
- 4.3. **Exercise of approval delegation:** The Committee Chair must notify the Board if the Committee exercises an approval authority in Schedule A, at the next Board meeting. Such notification may occur by expressly recording the decision and authority reference in the Committee minutes.
- 4.4. **Delegation to Committee Chair:** The Committee may delegate any of its responsibilities to the Committee Chair from time to time and on such conditions as it considers appropriate.

5. COMMITTEE MEETINGS

- 5.1. **Frequency:** The Committee meets at least four times a year and at such other times as the Committee or the Committee Chair considers appropriate. With agreement from the Committee, Committee business may be dealt with by electronic means, in lieu of meeting in-person or by phone/video conference.
- 5.2. **Rights of Board Members:** In relation to any Committee meeting, all Board members are entitled to receive copies of the papers and minutes and attend any meeting without further invitation (unless they are precluded from participation due to a conflict of interest).
- 5.3. **Management attendance:** The Committee Chair will agree with the Chief Executive which members of management will attend meetings. Standing attendances will include the Chief Executive, the Chief Financial and Risk Officer and the Head of Finance. The Committee may require any employee, contractor or sub-contractor to appear at a Committee meeting, if it believes this is in the best interests of Public Trust.



- 5.4. **Procedures for Committee meetings:** The Committee will follow the same rules of conduct and procedure in relation to meetings as the Board (as set out in the Board Charter and attached as Schedule B) with all necessary modifications, except as referred to below or as otherwise determined by the Board.
 - 5.5. **Quorum:** The quorum for a meeting of the Committee may include the Committee Chair or the Chair of the relevant meeting.
 - 5.6. **Temporary/acting Chair:** If the Committee Chair is absent from a meeting, the Deputy Committee Chair will act as Chair of the meeting. If both are not present, the members of the Committee who are present at the meeting may choose one of their members to chair that particular meeting.
 - 5.7. **Special meetings:** the procedure in the Board Charter for calling a special meeting applies to the Committee with all necessary modifications.
 - 5.8. **Committee Secretary:** The Board Secretary will be the Committee Secretary. Other than during Committee member only time, the Committee Secretary is to be present throughout all Committee meetings.
 - 5.9. **Minutes:** The Committee Secretary will take minutes of each meeting, which will be presented for approval at the next normal Committee meeting and then circulated at the next Board meeting.
 - 5.11 **Members' only time:** The Committee will from time to time, and at least once each year, meet in private session with external auditors and without management in attendance. External auditors or counsel may at any time request a meeting with the Committee or Committee Chair (with or without management attendance).
 - 5.12 **Internal auditors:** The Committee Chair may request the attendance of internal auditors at any Committee meeting to discuss internal financial control relating findings from internal audit reports. The Committee Chair may request member-only time with the internal auditors.
6. **CHARTER**
- 6.1. **Review of Committee Charter:** This Committee Charter will be reviewed annually by the Committee.



SCHEDULE A: BOARD TO AUDIT & FINANCE COMMITTEE DELEGATIONS

N/A



SCHEDULE B: EXTRACT FROM SCHEDULE 5 OF THE CROWN ENTITIES ACT 2004 (BOARD PROCEDURE FOR STATUTORY ENTITIES (OTHER THAN CORPORATIONS SOLE))

Procedure of board

6 Procedure generally

Except as otherwise provided under this or another Act, the members may regulate their own procedure.

7 Notice of meetings

- (1) The board or the chairperson must appoint the times and places of ordinary meetings of the board, and give notice of those meetings to each member not present when the appointment is made.
- (2) The chairperson or any 2 members (or, if the board consists of only 2 members, either member) may call a special meeting of the board by giving at least 5 working days' notice (or any shorter notice period that all the members agree) of the special meeting, and the business to be transacted at the meeting, to each member for the time being in New Zealand.
- (3) Only the business stated in the notice of special meeting may be transacted at the special meeting.
- (4) Notice of a meeting—
 - (a) must be written, and state the time and place of the meeting; and
 - (b) may be given by post, delivery, or electronic communication; and
 - (c) must be given or sent to each member's current postal or electronic address.
- (5) An irregularity in a notice of a meeting is waived if all members entitled to receive the notice either—
 - (a) attend the meeting without protesting about the irregularity; or
 - (b) do not attend the meeting, but agree before the meeting is held to the waiver of the irregularity.

8 Methods of holding meetings

A meeting of the board may be held—

- (a) by a quorum of the members, being assembled together at the time and place appointed for the meeting; or
- (b) by means of audio, audio and visual, or electronic communication provided that—
 - (i) all of the members who wish to participate in the meeting have access to the technology needed to participate in the meeting; and
 - (ii) a quorum of members can simultaneously communicate with each other throughout the meeting.

9 Quorum

- (1) A quorum for a meeting of the board is the number that is—
 - (a) half the number of members (if the board has an even number of members); or
 - (b) a majority of the members (if the board has an odd number of members).
- (2) If the board has only 2 members, the quorum for a meeting is both members.
- (3) No business may be transacted at a meeting of the board if a quorum is not present.

10 Special provisions for boards with only 1 member available to act

- (1) This section applies while a board has only 1 member who is available (for example, because of a vacancy or because section 66, but not section 68, applies to 1 or more members).



- (2) The quorum for a meeting of the board is 1.
- (3) The available member—
 - (a) may appoint the times and places of ordinary meetings; and
 - (b) may call a special meeting; and
 - (c) need not send a notice of meeting for those meetings; and
 - (d) may enter into any obligation that, under section 127(2), may be entered into by 2 or more members.

11 Presiding at meetings

- (1) At a meeting of the board, the following person presides:
 - (a) if there is a chairperson and he or she is present and is not interested in the matter, the chairperson; or
 - (b) if there is no chairperson or he or she is not present or is interested in the matter, the deputy chairperson; or
 - (c) in any other case, the temporary deputy chairperson.
- (2) A person referred to in subclause (1)(b) or (c) may exercise all the powers and functions of the chairperson for the purposes of the meeting.

12 Voting at meetings

- (1) Each member has 1 vote.
- (2) In addition to his or her general vote, the chairperson at a meeting has, in the case of an equality of votes, a casting vote.
- (3) A resolution of the board is passed if it is agreed to by all members present without dissent or if a majority of the votes cast on it are in favour of it.
- (4) A member present at a meeting of the board is presumed to have agreed to, and to have voted in favour of, a resolution of the board unless he or she expressly dissents from or votes against the resolution at the meeting.

13 Unanimous written resolutions

- (1) A resolution signed or assented to in writing (whether sent by post, delivery, or electronic communication) by all members who are entitled to vote on the matter is as valid and effectual as if it had been passed at a meeting of the board duly called and constituted.
- (2) The resolution may consist of several documents containing the same resolution, each signed or assented to in writing by 1 or more members.