

**FOOTBALL NEW SOUTH WALES LIMITED
AUDIT AND RISK COMMITTEE CHARTER
AS AT 23 MARCH 2016**

1. OVERVIEW OF THE CHARTER

This Charter sets out the principles for the operation of the Audit and Risk Committee of Football New South Wales Limited ("FNSW") established by the Board of FNSW under Rule 12.11 of the FNSW Constitution and should be read in conjunction with the Board Charter and statement of corporate governance principles.

2. OBJECTIVES AND PURPOSES

The objective and purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to financial accounting practices, internal control systems, risks, external reporting and the external and internal audit function.

Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to this Charter in order to facilitate decision making by the Board.

3. DUTIES AND RESPONSIBILITIES

3.1 General Duties and Responsibilities

Without limiting section 2 above, the duties and responsibilities of the Committee are:

Financial Reporting

The Committee will oversee FNSW's system of financial reporting for the purpose of safeguarding its integrity. The committee is responsible for monitoring the internal controls of the financial system so that reliance can be placed on the integrity of the financial reports and that these reports reflect:

- (a) key accounting policies and practices;
- (b) adequacy, accuracy and completeness of information;
- (c) compliance with applicable accounting standards and other legal requirements in relation to the financial reports; and
- (d) the extent to which the financial reports are affected by any unusual transactions, and major elements of judgment, significant audit adjustments and audit recommendations that have not been adjusted.

The Board of Directors retains responsibility for financial performance monitoring on an ongoing basis.

Internal Audit

In consideration of the overall risk profile of FNSW, from time to time the committee will consider and report to the Board the relevance of establishing a formal independent internal audit or review process on a permanent or project by project basis.

External Audit

The Committee will monitor the performance and activities of the external auditor. Its responsibilities in this area include:

- (e) overseeing the process for the appointment, re-appointment and removal of the external auditor (including audit engagement letters), overseeing the rotation of the principal audit partner and reviewing the level of the external auditor's fees;
- (f) assessing the performance and independence of the external auditor and the quality of the audit work performed;
- (g) requiring, reviewing and monitoring compliance with the audit plan of the external auditor, including the scope of the plan and the levels of financial statement materiality;
- (h) reviewing reports from the external auditor and meeting with the external auditor at least once annually in the absence of management and also meeting with the external auditor as requested by the Board, the Committee or the external auditor; and
- (i) receiving, reviewing, developing and implementing policy on the engaging of the external auditor to supply non-audit services.

Risk Management

The Committee will oversee and review FNSW's financial and risk management.

The Committee's responsibilities in this area include:

- (j) overseeing the risk profile for FNSW encompassing both financial and non-financial material risks facing FNSW;
- (k) ongoing review of the risk management framework of FNSW including regular review of the Risk Register;
- (l) reviewing the effectiveness of FNSW's implementation of its risk management systems and internal controls on an on-going basis and reviewing the outcome of any non-financial audits;
- (m) as the Committee considers appropriate, require management to address key risk areas and internal control systems;
- (n) ensuring that the Chief Executive Officer and Head of Finance state in writing to the Board annually that:
 - (i) the statement given to the Board that FNSW's financial reports present a true and fair view, in all material respects, of FNSW's financial condition and operational results and are in accordance with the relevant accounting standards, are founded on a sound system of risk management and control which implements the policies adopted by the Board;
 - (ii) FNSW's risk management and internal compliance and control system are operating efficiently and effectively in all material respects.

3.2 Provision of Services by External Auditor

In regard to the provision of non-audit services by the external auditor, the following guidelines have been agreed by the Board:

The external auditor must not provide services which are considered to be in conflict with the independent role of the statutory auditor. The services which must not be provided include investigations and consulting advice, or sub-contracting of activities normally undertaken by management, where the external auditor may ultimately be required to express an opinion on their own work. Examples of services that should not be provided by the external auditor include:

- (a) preparation of accounting records and financial statements;
- (b) design and implementation of new IT systems and financial controls;
- (c) valuation services in relation to amounts which are or may be included in FNSW's financial statements;
- (d) actuarial services;
- (e) internal audit services;
- (f) management functions, including senior management secondments;
- (g) recruitment and human resource services;
- (h) broker, dealer or investment advisor services;
- (i) legal services.

The external auditor will be permitted to provide non-audit services that are not perceived to be in conflict with the role of the auditor. Examples of services that may be provided without Audit Committee approval include:

- (j) tax compliance services;
- (k) advice on application of appropriate accounting standards;
- (l) audits or verification of regulatory returns.

The external auditor may be permitted to provide non-audit services where their detailed knowledge of FNSW's activities could permit cost and output efficiencies, provided stringent independence requirements are satisfied. These services, based on recommendations from management, must be approved by the Chair of the Audit and Risk Committee who will consult with the other members of the Audit and Risk Committee, the external auditor and management, as appropriate. Examples of such services include:

- (m) strategic tax advice;
- (n) due diligence on potential acquisitions/investments;
- (o) investigating accounting assignments;
- (p) corporate finance advice (deal structuring and execution), including independent accountant's statements.

The Audit and Risk Committee will recommend to the Board, on a totally transparent basis, the appropriate disclosure in the annual accounts of the full details of fees paid to the external auditor.

4. COMPOSITION AND STRUCTURE OF THE COMMITTEE

4.1 Number of Members

The Audit and Risk Committee shall be appointed by the Board and shall consist of not less than three (3) and not more than five (5) members, two of whom must be Directors of FNSW.

4.2 Term of Office

Members of the Committee who are also Directors of FNSW will serve for the remainder of their directorship, other members for a term of two (2) years, subject to earlier resignation or removal by the Board. Upon completion of a term the member may be reappointed to the Committee. Membership of the Committee must be approved by the Board.

4.3 Expertise

Unless the Board otherwise determines, the Chairman and at least one member of the Committee must have recent accounting or related financial expertise. Directors of FNSW shall ensure appropriate skills are represented in the make up of membership of the Committee.

At least one member of the Committee must have an understanding of the sectors in which FNSW operates.

4.4 Secretary

The Chief Executive Officer must ensure appropriate secretarial support is provided to the Committee.

5. CHAIR

5.1 Chair

The Chair of the Committee:

- (a) will be elected by, and hold office for the period determined by, the members of the Committee;
- (b) must be a member of the Committee;
- (c) must be a Director; and
- (d) must not also be the Chair of the Board.

5.2 Chair of Meetings

In the absence of the Chair of the Committee, another Director shall act as Chair of the Committee. The Chair of the Committee also has a casting vote, except that the Chair must not exercise a casting vote at any Committee meeting at which there are only two (2) Committee members present.

6. PROCEEDINGS OF THE COMMITTEE

6.1 Frequency and Notice

The Committee will meet as frequently as it considers necessary, but must meet not less than three times in each financial year.

The dates, times and venues of each meeting of the Committee will be notified by the Chief Executive Officer (or his/her nominee) to all Committee members a reasonable time in advance of the meeting.

The Secretary to the Committee or any member may call a meeting of the Committee.

In addition, the Chair of the Board is required to call a meeting of the Committee when requested to do so by a Committee member, the Chief Executive Officer, the Head of Finance or the external auditor.

6.2 Committee Papers

Supporting papers for each meeting of the Committee will be distributed to:

- (a) each member of the Committee;
- (b) each Director who has advised the Chief Executive Officer that he or she will be attending that meeting of the Committee; and
- (c) each other person invited to attend, such distribution to such other persons being to the extent determined by the Chair of the Committee; a reasonable time in advance of the meeting.

6.3 Meeting Quorum

A quorum for a meeting of the Committee is two members comprising of at least one Director.

A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers or discretions vested in, or exercisable by, the Committee.

6.4 Attendance of Others

The only persons entitled to be present at a Committee meeting are:

- (a) the members of the Committee; however

the Chair of the Committee may extend an invitation to any person to attend all or part of the meeting of the Committee which he or she considers appropriate. In particular, the Committee may meet with:

- (b) the external auditor;
- (c) external advisers;
- (d) any executive or employee; or
- (e) any other Director.

The Committee must meet with the internal, if appropriate, and external auditor at least once a year without senior management (except in the case of any member of the senior management who is the internal auditor) being present.

6.5 Minutes of the meeting

Minutes of meetings of the Committee must be prepared and circulated to the Chair for approval within one month of the meeting, approved by the Chair and then circulated to all members of the Committee and the Chief Executive Officer. The Chief Executive Officer shall initial a copy of the minutes to signify they have been read (the initialled copy to be included in subsequent FNSW Board minutes).

After confirmation, the minutes must be distributed to all Directors, ordinarily for the Board meeting next following the Committee meeting to which the minutes relate.

7. INDEPENDENT ADVICE AND ACCESS TO INFORMATION

7.1 Independent Advice

The Committee is authorised to obtain and secure the services of outside legal and other independent professional advice.

7.2 Authority of the Committee

The Committee is authorised to investigate any activity or function of FNSW, its controlled entities and, so far as it is practicable, its associates, in accordance with this Charter. The Committee is authorised to make recommendations to the Board regarding appropriate actions resulting from such investigations.

7.3 Access

The Committee shall have unrestricted access to all relevant FNSW records and relevant information and rights to seek explanations and information from all Members, senior management, employees and all tax and other financial advisers, legal advisers, the external auditor and internal auditor, without management being present unless the Chair of the Committee allows any members of management to be present.

8. REPORTING

8.1 Reporting to the Board

The Chair of the Committee (or a person nominated by the Chair of the Committee for that purpose) must:

- (a) report to the Board on the Committee's proceedings:
 - (i) at the Board meeting next following each meeting of the Committee on all matters relevant to the Committee's duties, responsibilities and authorities;
 - (ii) immediately in the case of urgency;
- (b) report to the Board significant risks that come to the attention of the Committee;
- (c) attend the Board meeting at which FNSW's financial statements are approved.

9. REVIEW OF CHARTER

9.1 Review of Charter

The Committee will review this Charter and its performance every three years, or more often as the Committee determines, and recommend to the Board any changes it determines necessary or desirable.

10. ACCESS TO THE CHARTER

This Charter will be available for viewing by any person on FNSW's website.