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# AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

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*(ratified by the Board on 9 March 2011)*

## 1. INTRODUCTION

The purpose of the charter is to document the objectives, responsibilities, and administration of the board's Audit, Risk and Compliance Committee.

## 2. OBJECTIVES

The objectives of the Audit, Risk and Compliance Committee are to assist the board to discharge its corporate governance responsibilities to exercise due care, diligence and skill on:

- reporting financial information to users of financial reports
- applying accounting policies
- maintaining the independence of the company's auditors
- financial management
- internal control systems
- risk management
- complying with the Australian Institute of Company Director's constitutional documentation and material contracts
- complying with applicable laws and regulations.

## 3. DUTIES AND RESPONSIBILITIES

The committee examines any matters about the financial affairs of the company and about the external audit that it considers necessary. The committee also examines any other matters referred to it by the board.

The main duties and responsibilities of the committee are as follows:

### ***Financial Information***

To review the financial information presented by management to the board and to the public.

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## AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

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Review the company's annual financial statements draft before board approval, focusing on:

- significant changes in accounting policies and practices
- major judgemental areas
- significant audit adjustments
- proposed departures from accounting standards
- compliance with statutory requirements for financial reporting.

Consider the effects on the company of any new or proposed accounting practices, principles, developments, disclosure requirements, and legislative or regulatory pronouncements.

### ***Risks, Policies and Controls***

Review the adequacy and monitor accounting control systems by reviewing the external auditor's written reports and by monitoring management's responses and actions to correct any deficiencies.

Monitor the application of the company's administrative, operating and accounting policies through active communication with management and the external auditors.

Monitor from time to time the need for an internal audit function.

### ***External Auditors***

Recommend to the board the appointment of external auditors and approve the payment of their annual fees.

Review the audit plans of the external auditors.

Review the performance of the external auditors.

Ensure that no management restrictions are being placed on the external auditors.

Monitor the independence of the external auditors and their compliance with the requirements of the Corporations Act 2001 and professional standards as updated from time to time.

Approve any proposal to engage the Australian Institute of Company Director's external auditors for non-audit services where the fees exceed \$10,000.

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## AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

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Ensure the annual report provides a full analysis of the total fees paid to external auditors, including a break down of fees for non-audit activities.

### ***Compliance with legal and regulatory obligations***

Review all regular reports provided to the committee by executive management on:

- Corporate governance
- Compliance program
- *Regulatory affairs*

### ***Other***

- Monitor the practice of risk management.
- Review the placement of the company's insurance program to ensure it meets the company's needs and aligns with the company's risk profile.
- Identify any special projects or investigations deemed necessary.

## **4. ADMINISTRATION**

### ***Membership and attendance at meetings***

- the board appointed committee consists of at least two (2) board members, and any other parties nominated by the board
- the chair of the Audit, Risk and Compliance Committee is be an Australian Institute Of Company Director's director
- a quorum of the Audit, Risk and Compliance Committee is any two (2) members of the committee
- the Audit, Risk and Compliance Committee meet with the external auditors as it considers necessary, or at the request of the external auditors
- from time-to-time, the Audit, Risk and Compliance Committee may invite other people to attend committee meetings as it considers necessary

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## AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

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- the secretary of the Audit, Risk and Compliance Committee is the company secretary (the secretary) of the Australian Institute of Company Directors, or is another person nominated by the Audit, Risk and Compliance Committee chair.

### ***Meetings of the Audit, Risk and Compliance Committee***

- meetings are held not less than twice a year; special meetings may be convened as required to fulfil the committee's responsibilities. The committee also meets at the request of the board, any Audit, Risk and Compliance Committee member, any other non-committee board member, the chief executive officer or the company secretary
- the external auditor may request a meeting of the Audit, Risk and Compliance Committee if they consider it necessary
- meetings may be held in person, by telephone or by video conference, or by any combination of these media
- the secretary, or other person nominated by the committee chair, takes minutes of the proceedings of all meetings of the Audit, Risk and Compliance Committee

### ***Authority***

The committee has no executive power over its findings and recommendations.

The board authorises the Audit, Risk and Compliance Committee, within the scope of its responsibilities, to:

- obtain any information it requires from any employee or external party
- obtain outside legal or other independent professional advice
- ensure the attendance of external parties with relevant experience and expertise.

### ***Board reporting***

The chair of the Audit, Risk and Compliance Committee reports to the board after each meeting of the committee. The report should cover the findings and recommendations of the committee and should cover any matters raised by the external auditor. The minutes of all committee meetings are circulated to all board members.

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## AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

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### *Review of charter and composition*

The committee is to annually review its composition and charter at the meeting following the Australian Institute of Company Director's Annual General Meeting, and recommend any changes to the board.

The board annually reviews the composition of the committee and ratifies the committee charter.