



AUDIT COMMITTEE CHARTER

Roles and Responsibilities

The audit committee is not a policy making body but assists the board by implementing board policy. The role of the committee includes assisting the board in the company's governance and exercising of due care, diligence and skill in relation to:

- reporting financial information to the users of financial reports;
- application of accounting policies;
- financial management;
- the internal control system;
- the risk management system;
- the performance management system;
- business policies and practices;
- protection of the company's assets; and
- compliance with applicable laws, regulations, standards and best practice guidelines.

Other committee objectives include:

- Improving the credibility and objectivity of the accountability process, including financial reporting.
- Overseeing the effectiveness of the external audit function and providing a forum for communication between the board and the external auditors.
- Ensuring the independence of the external auditor.
- Providing a structured reporting line for internal review and monitoring the objectivity and independence of the internal review.
- Assuring the quality of internal and external reporting of financial and non-financial information.
- Ensuring an ethical culture has been embedded throughout the company.

Authority

The board authorises the audit committee, through the chair, to:

- Appoint, compensate and oversee the work of any registered company auditor employed by the organisation.
- Resolve any disagreements between management and the auditor on financial reporting.
- Pre-approve all auditing and non-auditing services.
- Retain independent counsel, accountants or others to advise the audit committee or assist in the conduct of an investigation.
- Seek any information it requires from employees, who are directed to co-operate with the audit committee's requests or from external parties.

Composition

The audit committee will consist of at least three and no more than five members of the board. The board or its nominating committee will appoint audit committee members. The audit committee will elect its chair.

Members will be appointed to the audit committee every two years and are eligible for reappointment. Membership of the audit committee is to be confirmed annually by the board in alignment with the annual general meeting.

Each audit committee member will be independent and financially literate. At least one member of the audit committee will, where possible, be a qualified accountant holding an accounting qualification (CPA or CA).

Invitees

Other persons may attend meetings of the audit committee by invitation.

- the chief executive officer.
- the chief financial officer.
- an external audit provider.

These people may take part in the business of, and discussion at, the meeting but have no voting rights.

Meetings

The audit committee will meet at least two times a year and additionally as the committee considers necessary at appropriate points in the audit cycle. The external auditors may request a meeting and such a request is to be met.

A quorum will be more than half the members. In the chair's absence from a meeting, the members present will select a chair for that meeting.

All audit committee members are expected to attend each meeting in person or through other approved means such as teleconferencing or video conferencing.

The notice and agenda of a meeting will include relevant supporting papers.

The audit committee may invite other people to attend as it sees fit and consult with other people or seek any information it considers necessary to fulfil its responsibilities. The members may meet separately with auditors.

Voting

Any matters requiring decision will be decided on a majority of votes of members present.

Conflicts of interest

Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from the committee discussions on the issue where the conflict exists.

Secretariat duties

The committee will appoint a suitable person, having regard to potential conflicts to act as secretary to the audit committee. The secretary will assist the chair to develop and distribute agendas, papers, minutes and calendar.

Minutes

Minutes must be prepared, approved by the chair and circulated to the members within one week of a meeting. The minutes must be ratified by the members present at the meeting and signed by the chair.

Reporting to the Board

The chair of the audit committee is to report to the board following each committee meeting. The manner of reporting may be the distribution of a copy of the minutes supplemented by other necessary information, including recommendations requiring board action and/or approval. The chair is to organise the supply of information regarding the audit committee which will be included in the company's annual report.

Reviews

The audit committee will review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the chair. The assessment may seek input from any person. Training needs will be monitored by the chair.

The audit committee should review this charter annually to ensure that it remains consistent with the board's objectives and responsibilities. The board approves or further reviews the charter.

APPENDIX – RESPONSIBILITIES OF THE AUDIT COMMITTEE

The audit committee will carry out the following responsibilities:

Financial reporting

- Review significant financial and reporting issues, including complex and unusual transaction and highly judgmental areas, and recent professional and regulatory announcements and understand their effect on the financial report.
- Review management's processes for ensuring and monitoring compliance with laws, regulations and other requirements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial report.
- Assess significant estimates and judgements in financial reports by asking management about the process used in making material estimates and the ask the external auditors the basis for their conclusions on the reasonableness of management's estimates.
- Review with management and the external auditors all matters required to be communicated to the audit committee under the Australian Auditing Standards.
- Consider the appropriateness of the accounting principles and policies adopted and any amendments, as well as the methods of applying those principles and policies ensuring they are in accordance with the stated financial reporting framework.
- Understand how management develops interim financial information and the nature and extent of external audit involvement.
- Assess management explanations for unusual transactions or significant variances from prior year results or current year budget.
- Assess the management of non-financial information in documents to ensure the information does not conflict with the financial statements or other documents.
- Recommend to the board whether the financial and non-financial statements should be signed based on the audit committee's assessment of them.

Internal Control and risk management

- Assess the internal processes for determining and managing key risk areas, particularly:
 - compliance with laws, regulations, standards and best practice guidelines;
 - important judgements and accounting estimates;
 - litigation and claims;
 - fraud and theft; and
 - relevant business risks other than those dealt with by other specific board committees.
- Ensure that the company has an effective risk management and that significant material risks are reported to the board.
- Address the effectiveness of the internal control, risk management and performance management systems with management and the auditors.
- Assess effectiveness of, compliance with, the corporate code of ethical conduct and compliance with internal plans, policies and procedures.
- Obtain regular updates from management and company lawyers about compliance matters.

External audit

- Make recommendations to the board on the appointment, remuneration and monitoring of the effectiveness and independence of the external audit provider.
- Review the external audit provider's fee and be satisfied that an effective audit can be conducted for the fee.
- Prior to the commencement of each audit, agree the terms of engagement with the provider and review the annual engagement letter.
- Review and confirm the independence of the external audit provider by obtaining statements from the provider or relationships between the auditor and the company (including non-audit services) and discussing the relationships with the auditor.
- Monitor and critique management's responsiveness to the external audit provider's findings and recommendations – ask the provider if there have been any significant disagreements with management (irrespective of whether they have been solved).
- Provide the opportunity for audit committee members to meet with the external audit provider without management personnel being present at least once each year.

Related party transactions

Review and monitor the propriety of related party transactions.