



## **AUDIT & CORPORATE GOVERNANCE COMMITTEE CHARTER**

The Board hereby resolves to establish a Committee of the Board to be known as the Audit & Corporate Governance Committee.

### **1. PURPOSE**

The purpose of the Audit & Corporate Governance Committee is to:-

- Assist the Board in carrying out its responsibility to exercise due care, diligence and skill in relation to the Board's reporting of financial information, application of accounting policies, financial management, internal control systems, business policies and procedures, compliance with applicable laws and regulations, and monitoring and controlling of business risks;
- Provide a formal forum for communication between the Board, auditors and senior management;
- Improve the effectiveness of the external audit function and the communication between the Board and the external auditors and evaluate the need for any internal audit function.

### **2. MEMBERSHIP**

The Committee shall comprise a minimum of 2 members and all members will be members of the Board of Directors.

- A majority of members shall be non-executive Directors and a quorum will be two. If only one Committee Member is available through unavoidable circumstances, an additional Board Member may be co-opted to the Committee for the purpose of finalising urgent business.
- The Chairman of the Committee shall be a non-executive Director of the Company.
- Membership of the Committee shall be reviewed annually.



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### **3. SECRETARIAL AND MEETINGS**

The Company Secretary shall be appointed secretary of the Committee. The Secretary, in conjunction with the Committee Chairman, shall draw up an agenda, which shall be circulated at least one week prior to each meeting to the members of the Committee and the external auditors.

The Committee Chairman will call a meeting of the Audit & Corporate Governance Committee if so requested by any Committee member, or by the external auditors.

The external auditors should be given notice of all meetings and have the right to attend and speak.

Meetings shall be held approximately 2 times per annum, or as required.

### **4. RESPONSIBILITIES**

The Audit & Corporate Governance Committee shall consider any matters relating to the financial affairs, corporate governance and external audit of the Company and its controlled entities that it considers necessary. In addition, the Audit & Corporate Governance Committee shall examine any other matters referred to it by the Board.

The role of the Audit and Corporate Governance Committee is as follows:

#### **4.1 Audit**

- monitor the need for an internal audit function or for any specific internal audits;
- make recommendations to the Board regarding the appointment of the external auditor;
- approve the audit fee and terms of engagement of the external auditors;
- review and approve the annual audit plan;



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- review external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- review the performance of the external auditors;
- review the type of non-audit work carried out by the external auditors (and the associated fees), to ensure that the conduct of such work does not compromise the independence of the external auditors;
- review the annual declaration of independence from the external auditors;
- initiate and supervise special investigations.

### **4.2 Reporting**

- review significant accounting policies applied in financial reporting to ensure appropriateness for the organisation and compliance with accounting standards;
- review financial statements and other financial information distributed externally;
- monitor the procedures in place to ensure that the entity is in compliance with the Corporations Act, Stock Exchange Listing Rules and other legislative and reporting requirements;
- review related party transactions and consider the adequacy of disclosure of those transactions in the financial statements.

### **4.3 Risk Management**

- ensure the establishment of an appropriate internal control framework, including information systems;
- review reports on any major defalcations, frauds and thefts from the entity and monitor procedures on fraud prevention;



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- ensure that management has put in place a process to identify, manage and report on the major risks facing the business;
- review policies on sensitive issues or practices such as environmental issues;
- review significant transactions which are not a normal part of the group's business;
- review declarations from management on compliance with statutory responsibilities.

### **4.4 Corporate Governance**

- monitor developments in corporate governance practices;
- benchmark the entity's policies against best practice;
- ensure that policies exist to deal with conflicts of interest;
- review past or proposed transactions between the corporation and members of management or the Board;
- make recommendations on corporate governance standards and practices to the Board;
- review documentation relating to corporate governance on an annual basis eg. Audit and Corporate Governance Committee Charter, Board Charter, Corporate Governance Statement, Board Code of Conduct and Directors Dealing in Securities.

### **5. AUTHORITY**

The Audit & Corporate Governance Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company to respond to such enquiries. The Audit & Corporate



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Governance Committee is authorised to take such independent professional advice as it considers necessary.

The Audit & Corporate Governance Committee shall have no executive powers with regard to its findings and recommendations.

### **6. REPORTING**

The Chairman of the Audit & Corporate Governance Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board.

### **7. PERFORMANCE**

The Board will assess the performance of the Committee on an annual basis.