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Audit & Risk Committee Charter of Australian Computer Society Limited

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Audit & Risk Committee Charter

1. PURPOSE

The purpose of this Charter is to document the objectives, responsibilities, composition and administration of the Audit & Risk Committee (**Committee**) of the Board of the Australian Computer Society Limited (**Company**).

2. OBJECTIVES

The objectives of the Committee are to assist the Board of Directors of the Company (**Board**) in discharging its corporate governance responsibilities to exercise due care, diligence and skill in relation to the oversight of the design, quality, effectiveness and integrity of the Company's:

- (a) risk management strategy;
- (b) financial reporting;
- (c) engagement of external auditors;
- (d) conduct of external and internal audits;
- (e) insurance coverage;
- (f) internal controls;
- (g) corporate governance developments relevant to the Committee's responsibilities; and
- (h) matters that could significant impact the financial condition or affairs of the Company.

3. RESPONSIBILITIES

3.1 General

The Committee shall consider any matters necessary in order to fulfil its objectives and makes recommendations to the Board. The Committee shall also examines any other matters referred to it by the Board.

3.2 Risks, policies and controls

The main duties and responsibilities of the Committee in relation to risks, compliance, policies and controls are to:

- (a) review the Company's risk management strategy at least annually to ensure its continued application and relevance;
- (b) review the adequacy and currency of the Company's risk management policies, and other policies as relevant;
- (c) monitor the adequacy and effectiveness of the Company's risk management processes;

- (d) make recommendations to the Board regarding the Company's emerging and material risks including to the Company's budget or strategy, or other particular risks or risk management practices including mitigation of such risks;
- (e) review the effectiveness of the Company's risk management processes for managing actual, suspected or alleged fraud or corruption affecting the Company; and
- (f) review copies of internal and external audit reports where risk issues have been the subject of the audit.

3.3 Compliance with legal and regulatory obligations

The Committee will:

- (a) review at least annually, the Company's compliance framework and provide recommendations to the Board;
- (b) review the effectiveness of the Company's compliance framework for identifying, monitoring and managing compliance with relevant obligations;
- (c) consider the adequacy of processes for reporting and responding to legal and regulatory breaches and complaints;
- (d) undertake any other work requested by the Board from time to time in connection with compliance activities;
- (e) review copies of internal and external audit reports where compliance issues have been the subject of the audit;
- (f) review annual attestations by members of management of the Company (**Management**).

3.4 Insurance

The Committee will:

- (a) review and approve the Company's insurance coverage;
- (b) review the Company's insurance program to ensure it meets the Company's needs and aligns with the Company's risk appetite and profile; and
- (c) identify any special projects or investigations relating to insurance deemed necessary.

3.5 Risk reporting

The Committee will have oversight of, and review the regular reporting of:

- (a) compliance incidents;
- (b) operational incidents;
- (c) work, health and safety processes;
- (d) legal and regulatory updates; and
- (e) litigation.

3.6 Financial information and reporting

The main duties and responsibilities of the Committee in relation to financial information are to:

- (a) review financial information presented to the Board and provide recommendations to the Board on its findings;
- (b) review the Company's annual financial statements in draft before Board approval, focusing on and considering:
 - (i) the consistency in the application of accounting policies and practices, and the adherence to accounting standards and policies and other reporting requirements;
 - (ii) compliance with statutory requirements for financial reporting; and
 - (iii) significant judgments made by management in preparing the financial statements, including significant audit adjustments;
- (c) consider the effects on the Company of any new or proposed accounting policies and practices, principles, developments, disclosure requirements and legislative or regulatory announcements;
- (d) review all representation letters signed by Management, including the Chief Executive Officer (**CEO**) and the Chief Financial Officer (**CFO**) (if there is one) declarations, and assess for completeness and appropriateness; and
- (e) resolve any difficulties or disputes between the external auditor and Management.

3.7 External auditors

The main duties and responsibilities of the Committee in relation to external auditors are to:

- (a) recommend to the Board and oversee the selection, appointment, rotation and succession of audit and review partners or their equivalents and, if necessary, the removal of the external auditors;
- (b) approve the payment of the external auditor's annual fees;
- (c) recommend to the Board the audit plans of the external auditors;
- (d) review and assess the performance, independence and objectivity of the external auditors;
- (e) confirm that no Management restrictions are being placed on the external auditors;
- (f) monitor the independence of the external auditors and their compliance with the requirements of each of the *Corporations Act 2001* (Cth) and the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (to the extent required) and professional standards as updated from time to time;
- (g) approve any proposal to engage the Company's external auditors for non-audit services where the fees for any engagement are likely to exceed **[insert amount]** with the Chair of the Committee solely approving proposals for any such engagements which are not likely to exceed **[insert amount]**; and
- (h) confirm that the annual report provides appropriate disclosure of the total fees paid to external auditors, including fees for non-audit activities.

3.8 Policies and controls

The main duties and responsibilities of the Committee in relation to policies and controls are to:

- (a) review the adequacy of the external auditor's written reports;

- (b) monitor accounting control systems by monitoring Management's responses and actions to correct any reported deficiencies;
- (c) monitor the application of the Company's administrative, operating and accounting policies through active engagement with Management and the external auditors;
- (d) approve the internal audit plan and provide oversight of progress and results from the internal audit plan; and
- (e) consider and review with Management any difficulties encountered in the course of internal audit reviews and any instances of significant internal and external fraudulent activity identified during an internal audit and responses thereto.

4. COMPOSITION AND MEETINGS

4.1 Membership and attendance at meetings

- (a) The Committee comprises up to [4] members (at least one of which is to act as Chair of the Committee) including:
 - (i) a minimum of [3] members from the Board; and
 - (ii) may include an additional member who is not a member of the Board.
- (b) A quorum of a meeting of the Committee is any [2] members of the Committee.
- (c) Committee members must be financially literate and the Chair must have significant and relevant accounting experience.
- (d) The CEO and CFO (if there is one) of the Company will be invited to each meeting.
- (e) All Directors can attend Committee meetings. Notice of Committee meetings will also be provided to internal and external auditors as well as any other members of Management and any other advisors the Chair thinks fit.
- (f) The secretary of the Committee is the Company Secretary, or another person nominated by the Chair.
- (g) If the Chief Executive Officer of the Company is a member of the Committee, the Chief Executive Officer must not act as Chair of the Committee.

4.2 Meetings

- (a) Meetings of the Committee are held at least [4] times per year, and special meetings may be convened as required. The Committee also meets at the request of the Board, any Committee member, any other non-Committee Board member, the CEO, the CFO (if there is one) or the Company Secretary.
- (b) The Committee can meet with the external auditors as it considers necessary or at the request of the auditors. The external auditor can request a meeting of the Committee if they consider it necessary.
- (c) Meetings may be held in person, by telephone or by video conference, or by any combination of these media.
- (d) The secretary takes the minutes of the proceedings of all Committee meetings.

4.3 Authority

- (a) The Board delegates authority to the Committee, within the scope of its responsibilities, to:

- (i) take actions necessary or desirable to comply with its responsibilities;
 - (ii) obtain any information it requires from any employee or external party, including interviewing Management and internal and external auditors (with or without Management present);
 - (iii) obtain outside legal or other independent professional advice; and
 - (iv) facilitate the attendance at Committee meetings of external parties with relevant experience and expertise.
- (b) The Committee has the authority to make recommendations to the Board in relation to those matters within the scope of its responsibilities. The recommendations of the Committee are not binding on the Board.

4.4 Delegation

The Committee may, at its discretion, delegate some or all of its objectives and responsibilities to the Chair and may delegate any of its objectives and responsibilities to a sub-committee of the Committee.

4.5 Board reporting

The Committee reports to the Board after each meeting of the Committee. The report must cover the findings and recommendations of the Committee and must cover any matters raised by the external auditor. The minutes of all Committee meetings must be circulated to the Board as soon as practicable.

4.6 Review of Charter and composition

- (a) The Committee will at least annually review its composition and Charter and recommend any changes to the Board. The Committee may review this Charter at other times deemed necessary by the Committee or the Board.
- (b) The Board, will at least annually review the composition of the Committee and this Charter.
- (c) The Committee will at least annually review its performance as a Committee.