

## THE INSTITUTE OF CHARTERED ACCOUNTANTS IN AUSTRALIA

### AUDIT & RISK COMMITTEE CHARTER

#### Organisation

This Charter governs the operations of the Audit & Risk Committee. A Code of Conduct for Committee Members including conflicts of interest disclosure, an evaluation process and policies and practices to be followed by Committee members is contained in the Committee Governance Manual. The Committee shall review and reassess the Charter at least annually and obtain the approval of the Board of Directors. The Committee shall be appointed by the Board of Directors and shall comprise at least 3 directors.

#### Statement of Policy

The Audit & Risk Committee shall provide assistance to the Board of Directors in fulfilling their oversight responsibility to members relating to the Institute's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the annual independent audit of the Institute's financial statements and legal compliance and ethics programs as established by Management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors and management of the Institute. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Institute and the power to retain outside counsel or other experts for this purpose.

#### Meetings:

The Committee will meet at least 3 times per year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via teleconference. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. Minutes will be prepared.

#### Quorum:

Two directors will form a quorum. Any Director can attend a meeting as an alternate to enable a quorum for a meeting.

#### Duties and Responsibilities

1. The Audit & Risk Committee may consider any matter concerning the financial affairs of the company, the internal audit, the external audit, risk management and any other issues referred to it by the Board.
2. Risk  
Review the adequacy of the risk management processes adopted by management for assessing and managing key business and financial risks.
3. Compliance  
Review compliance with relevant laws and regulations and the organisational programs in place to provide reasonable assurance of compliance.
4. Internal Control  
Monitor and review the effectiveness of the systems of internal control, including information systems.
5. Budget and Forecasts  
Review the annual budget and forecasts including detailed assumptions and recommend approval or otherwise to the Board.
6. Internal Audit  
Monitor activities and effectiveness of internal audit, including:
  - approve the engagement terms and conditions of the internal auditor;
  - approve the annual internal audit objectives and risk-based work plan;
  - review the internal audit reports and actions taken by management;
  - review internal audit's periodic reports on the generally observed compliance with internal control and financial practices, provided in addition to reports on specifically agreed reviews;

- oversee the process, and review the procedures, for the selection, appointment and removal of the internal auditor; and;
- assess the performance and independence of the internal auditor and consider whether the provision of any non-audit services compromises the independence of the internal auditor.

#### 7. External Audit

Monitor the activities and performance of the external auditor, including:

- review the annual audit plan of the external auditors, and approve the external audit remuneration;
- review with external auditors the outcomes of the annual audits, ensuring that any reported major deficiencies or weaknesses in controls have been identified and that appropriate and timely corrective action is taken by management;
- oversee the process, and review the procedures, for the selection, appointment and removal of the external auditor, including rotation of external audit partner; and,
- assess the performance and independence of the external auditors and consider whether the provision of any non-audit services compromises the independence of the external auditors.

Approved by Board March 2011