



## **Board Audit and Risk Committee Charter**

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## INTRODUCTION

The Audit and Risk Committee is appointed by the Board of Directors (“Board”) to assist the Board in discharging its oversight responsibilities. This charter sets out the specific responsibilities delegated by the Board to the Board Audit and Risk Committee (the “Committee”) under clause 36(1) of the Company’s Constitution and details the manner in which the Committee will operate.

## 1 OBJECTIVES

The objectives of the Committee are to assist the Board in:

- ensuring the quality of financial reporting is appropriate
- exercising oversight over the accuracy and completeness of financial statements
- making informed decisions regarding accounting, policies, practices and disclosures
- reviewing the scope and results of external audits and, if applicable, internal audits
- reviewing the appointment, independence, performance and remuneration of the external auditors
- maintaining open lines of communication between the Board, management and the external auditors, thus enabling information and points of view to be freely exchanged
- ensuring that the systems of accounting and reporting are adequate
- developing and monitoring Intoll’s risk profile and risk policy
- assessing the effectiveness of the internal control and risk management framework

The scope of these objectives covers both the companies and any trusts managed by the companies.

## 2 COMPOSITION

The Committee will comprise at least three members, each of whom is:

- a Director of the Company; and
- financially literate and capable of making a valuable contribution to the Committee.

All Committee members shall be independent.

One of the members (being an independent Director) shall be appointed Chairman of the Committee by the Board. The Chairman of the Company shall not be eligible to be the Chairman of the Committee.

At least one of the members shall have financial expertise (ie is a qualified accountant or other financial professional with experience of financial and accounting matters).

The Board shall annually confirm the membership of the Committee.

Each Director of the Company may attend meetings of the Committee and request papers for or from any meeting, but shall have no voting rights (unless a member of a Committee). The Committee may invite such other persons to its meetings as it deems necessary.

## 3 MEETINGS

The Committee will meet at least twice a year, with additional meetings as the Chairman shall deem appropriate being scheduled in order to fulfil its duties. In addition, the Chairman is required to call a meeting of the Committee if requested to do so by any Committee member, a Director or the internal/external auditor.

The Company Secretary will act as secretary to the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda, (supported by explanatory documentation) and circulating it to Committee members prior to each meeting.

The Secretary will also be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members, to the other members of the Board and the external auditors.

A quorum shall consist of two members.

Members should endeavour to attend every Committee meeting.

As a minimum, the Chairman of the Committee will attend the Board meeting at which the financial statements are approved.

## 4 ACCESS

The Committee shall have unlimited access to the external auditors, internal auditors (where applicable) and to senior management of the Company. Without limiting the duties and responsibilities of the Committee under section 6, the Committee will meet with the external auditor at least twice a year, and more frequently if required.

The Committee shall also have the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Committee's scope of responsibility. Committee members may seek independent professional advice where they consider it necessary to carry out their duties. Any costs incurred in doing so will be borne by the companies. The process to be followed in seeking independent advice shall be the same as that followed by Directors under the Company Board Charter.

The Charter will be made available to senior management, the external auditor, the internal auditor (where applicable), external regulators, and other parties where requested and as deemed appropriate.

## 5 DUTIES AND RESPONSIBILITIES

The Committee has the following duties and responsibilities:

### **Financial reporting**

Gain an understanding of the current areas of greatest financial risk and how these are being managed.

Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.

Oversee the periodic financial reporting process implemented by management and review the interim financial statements and annual financial statements before their consideration by the board and release.

Meet with management and the external auditor to review financial statements, key accounting policies and decisions and the results of the audit.

Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor.

Review the corporate governance section of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the company and its operations.

## External Audit

Determine the procedures for selection and appointment of external auditors and requirements for periodic rotation of external auditor personnel and/or firm. The Committee may make periodic reviews of the external auditor's performance and tenders may be called to assist in deciding which external auditor should be recommended.

The Committee must:

- recommend the appointment and removal of external auditors; and
- review the terms of engagement of the external auditor and the scope and quality of the audit.

Review, consider and advise the Board on:

- the external auditor's annual plan for the companies;
- the fees proposed by the external auditor;
- whether an effective, comprehensive and complete audit can be conducted for the fee;
- the qualifications, independence, expertise and resources of the external auditor;
- review the procedures for the rotation of the external audit engagement partner, ensuring that this rotation occurs every 5 years; and
- whether to renew or terminate the appointment of the external auditor on an annual basis.

Consider and review with the external auditor:

- the adequacy of the companies internal controls including computerised information system controls and security
- any related significant findings and recommendations of the external auditor on the matter of internal controls together with management's responses thereto
- the appropriateness of the accounting policies and whether they are considered to be aggressive, balanced or conservative
- any serious difficulties or disputes with management encountered during the course of the audit including any restrictions on the scope of the work or access to required information
- significant financial reporting issues and judgements made in connection with the preparation of the companies financial statements, interim reports, preliminary announcements and related formal documents.

Meet separately with the external auditor at least once a year to discuss any matters that the Committee or auditor believes should be discussed privately. Ensure the external auditor has access to the chairman of the Committee when required.

Develop and recommend a policy to the Board of Directors on the provision of non-audit services by the external auditor. The Committee will have sole authority to approve non-audit services provided by the external auditor but may delegate to management approval of non-audit services below a designated threshold.

## Reporting

Report Committee decisions to the Board of Directors with such recommendations as the Committee may deem appropriate. Reporting should include the following matters:

- assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for investor needs
- assessment of the management processes supporting external reporting
- procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners
- recommendations for the appointment or removal of an auditor

- assessment of the performance and independence of the external auditors and whether the audit committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services.
- the results of its review of risk management and internal compliance and control systems.

### **Risk Management and Internal Control**

Communicate the importance of internal control and management of risk to confirm that management is setting the appropriate “control culture”.

Review management’s assessment of key risks and risk profiles and report any material changes to the Board.

Monitor emerging risks and the adequacy and effectiveness of the risk assessment process to identify and respond to emerging risks.

Monitor and review (at least annually) the effectiveness of the companies internal control and operational risk management frameworks and compliance with key risk management policies, including the processes for identifying, assessing and responding to risks in a manner that is in accordance with the organisation’s risk appetite.

Understand the internal control systems implemented by Management:

- for the approval of transactions and processing of financial data
- to ensure that the financial statements derive from the underlying financial systems, comply with relevant standard and requirements, and are subject to appropriate management review.

Approve/review the policies, processes and framework for recording, investigation, analysis of alleged misconduct and resolution (whistle-blowing).

Consider and review with Management:

- significant issues arising during the year, Management’s responses thereto and current status
- the adequacy of the companies internal controls including computerised information system controls and security
- any difficulties encountered in the course of reviews, including any restrictions on the scope of the work or access to required information.
- any instances of significant internal fraudulent activity identified
- legal and regulatory matters that may have a material impact on the companies.

### **Evaluating Performance and Review of the Charter**

At least annually the Committee members are to meet privately to discuss the operation and effectiveness of the Committee.

Review, and if appropriate, update the Committee’s Charter every year. Any amendment to the Charter will be submitted to the Board for approval.