

Audit & Risk Committee Charter

CPA Australia Ltd

ACN 008 392 452

1. PURPOSE

1.1 Structure

The Audit and Risk Committee (**Committee**) is a committee of the board of directors (**Board**) of CPA Australia Ltd (**Company**) pursuant to Article 54 of the Company's constitution (**Constitution**).

This charter governs the meetings and proceedings of the Committee. This charter should be read in conjunction with the Board charter. To the extent that this charter does not expressly provide, the provisions of the Board charter will apply to the Committee.

Nothing in this charter limits any powers or responsibilities of the Board.

References to Chair refer to the chair of the committee unless otherwise stated.

1.2 General Purpose of the Committee

The role of the Committee is to assist the Board in exercising its authority in relation to the matters set out in this charter. The Committee is accountable to the Board for its performance.

The Committee's work is supported by the Chief Executive Officer (**CEO**) and his or her nominees, principally the Chief Financial Officer (CFO) and Internal Auditor.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities in the areas of statutory reporting, internal control systems, risk management systems, insurance and legal proceedings, and the internal and external audit functions. The Committee does not relieve any directors of their responsibilities for these matters.

The Committee is a committee of the Board. It plays an advisory role and is authorised to exercise those Board powers expressly delegated to it in this charter. Other than to the Board, the Committee has no direct obligation to or from any management group, branch or Division.

1.3 Committee responsibilities

(a) The Committee's responsibilities are set out as follows:

External Reporting

- (i) to review and make recommendations to the Board on the approval of the annual accounts;
- (ii) to review and make recommendations to the Board for approval of changes to accounting policies and treatments having an impact on external reporting;
- (iii) assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for the needs of the Company's members;
- (iv) assessment of the management processes supporting external reporting; to play a role in reviewing compliance related documents (including, for example, the directors' report);

Internal Control and Risk Management

- (v) oversight of the implementation and review of risk management and related internal compliance and control systems;
- (vi) oversight of the internal controls framework including delegations;
- (vii) oversight and monitoring of the whistle blowing policy and fraud & corruption policy;
- (viii) oversight of insurance portfolio (including approval of the general insurance program and recommendations to the Board for Directors' & Officers' insurance);
- (ix) review regular reports on all litigation and claims and advise the Board in respect of any material legal risks;
- (x) conduct an annual review of the Committee and report on outcomes to the Board;

External Audit

- (xi) reviewing and assessing key areas relating to the external audit of the Company including the relationship with external auditors (including advice to the Board on the appointment, performance and rotation (and if necessary the removal of) of the external auditor);
- (xii) monitoring the performance and independence of the external auditors and where the external auditor provides non-audit services, the Company's annual report should state whether the Committee is satisfied that provision of those services has not compromised the auditor's independence;

Internal Audit

- (xiii) meeting with the internal auditor without management on occasion;
 - (xiv) monitoring the performance and independence of the internal auditors;
 - (xv) reviewing and assessing key areas relating to the internal audit of the company including the appointment and if necessary the removal of the manager internal audit or equivalent.
- (b) The Committee has delegated authority and power as approved by the Board from time to time and included in the Schedule of Delegations attached to the Board's Charter.
 - (c) If any Committee member has a material personal interest in or an interest by way of a personal or other relationship to any matter being considered by the Committee, then that Committee member must give the Committee and the Board notice of that interest as soon as that member becomes aware of the interest.
 - (d) A notice required under 1.3(c) above must:
 - (i) give details of the nature and extent of the interest; and
 - (ii) the relation of the interest to the affairs of the Company.

1.5 Functions of the Committee

The members of the Committee are not employees of the Company. The Committee:

- (a) is not required to personally conduct studies or reviews; and
- (b) is entitled to rely on employees of the Company or professional advisers or consultants engaged by the Company where:
 - (i) there are reasonable grounds to believe that the employee, adviser or consultant is reliable and competent; and
 - (ii) the reliance was made in good faith and after making an independent assessment of the information.

1.6 Exercise of powers

- (a) The Committee must exercise the powers delegated to it in accordance with any directions, strategies, objectives or policies of the Board.
- (b) Recommendations of the Committee, where the Committee has no delegated power, shall not be binding on the Company unless the recommendations are approved by the Board.

2. COMPOSITION OF COMMITTEE

2.1 Membership

- (a) The Committee will consist of (as appointed by the Board) at least 3 with a maximum of 6 members, all of whom shall be directors of the Company. The Committee should include:
 - (i) a member who has financial expertise, that is, a qualified accountant or other finance professional;

- (ii) some members who have an understanding of the industry in which the Company operates; and
 - (iii) if possible, one member who has had previous experience in the area of risk and/or is legally qualified.
- (b) In addition to the Committee members, the Committee may co-opt non-directors or other directors to provide specific skills or expertise as required.
- (c) All Committee members shall be non-executive and independent as previously determined by the Board. No Committee members shall be (or shall have been in the past 3 years) a professional adviser of the Company or senior management of the Company.

2.2 Skills development

A member of the Committee may, with the approval of the Board and at the Company's expense, attend seminars or training courses related to issues related to the functions and responsibilities of the Committee.

2.3 Committee Chair

The Board (or its delegated committee) shall nominate an appropriate individual as Committee Chair or, in his or her absence, such other person that the Committee may determine for that meeting, provided that the Chair of the Board shall not be the Committee Chair.

The Committee Chair should have a number of years' experience with the Company preferably as a previous member of the Board or the Committee.

2.4 Tenure

The terms of the members will coincide with their terms on the Board, unless the Board determines otherwise. Subject to annual confirmation by the Board, the terms of any members of the Committee who are co-opted under the terms of this Charter, will be 2 years or such earlier period as the Board may determine from time to time.

2.5 Secretary

The Committee Secretary will be the Company Secretary or delegate.

2.6 Code of Conduct

The members of the Committee will comply with the Company's applicable Code of Conduct as amended from time to time.

3. POWERS OF THE COMMITTEE

3.1 Access to management

The Committee, in performing its functions, may:

- (a) request any employee of the Company to attend a meeting of the Committee;
- (b) to the extent permitted by law, access any document, report, material or information in the possession of an employee or external adviser of the Company; and
- (c) have unlimited access to both the internal and external auditors and to senior management of the Company.

The CEO, CFO, Company Secretary and Internal Auditor shall have direct access to the Committee on an as needs basis.

3.2 Access to independent advice

The Committee may obtain reasonable independent professional advice to assist it in the proper exercise of its powers and responsibilities, with the cost to be borne by the Company.

3.3 Reimbursement of reasonable expense

Any reasonable travel, accommodation or out of pocket expenses incurred by Committee members in attending Committee meetings shall be met in accordance with Article 45(f) of the Constitution and any relevant travel policy.

4. **MEETINGS**

4.1 **Holding of meetings**

- (a) Subject to paragraphs (c) and (d), the Committee will meet at least 4 times a year, or more frequently as circumstances dictate.
- (b) Meetings may be face-to-face, or via telephone or video conference as considered appropriate by the Committee Chair.
- (c) A member of the Committee may request that a meeting of the Committee be convened.
- (d) The Committee Chair should consider calling an unscheduled meeting if requested to do so by a Committee member, the CEO, the CFO or the internal or external auditors.

4.2 **Quorum**

At least fifty percent plus one of the members of the Committee, present in person or by using any technology, shall constitute a quorum. The quorum must be present at all times during the meeting.

4.3 **Attendance at meetings**

- (a) The CEO, CFO, Company Secretary, Internal Auditor or their delegates may attend all meetings of the Committee, other than those meetings or parts of Committee meetings which are deemed to be closed to management.
- (b) Representatives of the external auditor and the internal auditor may attend all meetings.
- (c) The Chair of the Finance Committee may also attend meetings with the consent of the Chair.
- (d) The Chair, may invite any of the following to attend a meeting of the Committee:
 - (i) any other employee or officer of the Company; and
 - (ii) a party external to the Company.Each invitee must undertake to keep the relevant communications of the proceedings of the Committee meeting confidential, including in accordance with clause 7 below.

4.4 **Committee papers**

Unless directed by the Committee Chair, the Committee Secretary shall distribute in advance of a meeting of the Committee an agenda and any related papers to:

- (a) each member of the Committee;
- (b) the CEO, the CFO, Internal Audit Manager and other members of the management team;
- (c) the external auditors; and
- (d) if requested, to any Director of the Board.

4.5 **Committee minutes**

- (a) The Committee Secretary shall prepare minutes of meetings and have them approved by the Committee Chair.
- (b) Minutes of meetings shall be submitted to the next meeting of the Committee.
- (c) Minutes signed by the Committee Chair shall be conclusive evidence of the matters recorded in such minutes.

4.6 **Written Resolutions**

Apart from passing resolutions at actual Committee meetings, the Committee may also pass Written Resolutions in accordance with Article 56 of the Constitution.

5. **COMMITTEE REVIEW**

The Committee shall review its charter and performance and that of its members from time to time and report to the Board on the results of this review.

6. **REPORTING TO THE BOARD**

- (a) Minutes of each meeting shall be submitted to the Board for noting.
- (b) The Committee Chair, or delegate, must report to the Board after each Committee meeting concerning:
 - (i) the proceedings of the Committee; and
 - (ii) all matters relevant to the Committee's role and responsibilities.

7. CONFIDENTIALITY

Unless otherwise required by law or the Constitution, the members of the Committee are required to keep Committee discussions, committee papers and deliberations confidential.

8. INCONSISTENCY WITH CONSTITUTION

This charter may be amended by the Board from time to time subject to the requirements of the Constitution and the law. Whilst this charter does not form part of the Constitution, this charter (as in force from time to time) is nevertheless binding on the Committee and each of the Committee members.

To the extent there is any inconsistency between this charter and the Constitution, the Constitution will prevail.

Amended: **October 2005 (by OGBC)**

Amended by the Board: **31 March 2008**

Amended by the Board: **24 April 2009**

Amended by the Board: **27 July 2010**

Amended by the Board: **3 December 2012**

Amended by the Board: **1 December 2014**