

## Melbourne IT Audit & Risk Management Committee Charter

### Introduction

- 1) The Board of Directors of Melbourne IT Limited (“the Board”) shall establish an Audit & Risk Management Committee. The Audit & Risk Management Committee shall be guided by the following Charter in conjunction with the Constitution of the Company, so far as it is relevant.

### Authority

- 2) This Charter sets out the specific responsibilities delegated by the Board to the Audit & Risk Management Committee and provides support for the manner in which the Audit & Risk Management Committee will operate.

### Objectives

- 3) The primary objective of the Audit & Risk Management Committee is to assist the Board discharge its responsibilities, in particular with regard to the following areas:
  - facilitating the independence of the external audit process and addressing issues arising from the external audit process;
  - ensuring the quality and accuracy of published financial reports so they present a true and fair view of the Company’s financial position;
  - ensuring the Company adopts, maintains and applies appropriate accounting and business policies and procedures;
  - ensuring that the Company maintains effective internal control and risk management systems;
  - monitor compliance with applicable provisions of the Corporations Act 2001, and Australian Stock Exchange (“ASX”) Listing Rules; and
  - providing a formal forum for communication between the Board and senior management (*in specific areas*).

### Audit & Risk Management Committee Composition

- 4) The Audit & Risk Management Committee shall consist of at least three directors. All members of the committee shall be non-executive directors.
- 5) The Board shall determine the total number of members of the Audit & Risk Management Committee. Members shall be proposed by the Chairman of the Board and approved by the Board.
- 6) Members of the Audit & Risk Management Committee shall be appointed for an initial term of three years, after which time, subject to their continuing appointment as a director of the Melbourne IT Limited, shall be eligible for reappointment. Following completion of the first three years of operation of the Audit & Risk Management Committee, the terms of the Audit & Risk Management Committee members shall be staggered so that no more than one third of members shall stand for reappointment annually.

## **Chairman**

- 7) The Chairman of the Audit & Risk Management Committee shall be a non-executive director and shall be appointed by the Board. The Chairman of the Board shall not be the Chairman of the Audit & Risk Management Committee.

## **Secretary**

- 8) The Secretary to the Board, or company CFO, shall be the Secretary to the Audit & Risk Management Committee.

## **Responsibilities**

- 9) The duties and responsibilities of the Audit & Risk Management Committee include:
  - facilitating the external audit process, both in planning and reporting, and addressing issues raised by the external auditors;
  - reviewing performance of auditors from time to time;
  - satisfying themselves that the auditor has sufficient relevant expertise to properly audit the Company, including adequate computer audit support is available where necessary,
  - obtaining from the auditor an engagement letter that confirms the acceptance of the appointment, the objective and scope of the audit, the extent of the auditors' responsibilities and the form of reports to be issued. Engagement letters should be sought for the financial statement audit of the Company for both half year ASX reporting and full year ASX and statutory reporting;
  - reviewing the external auditor's fee and ensuring that a comprehensive and complete audit can be conducted for the agreed fee;
  - recommending to the Board, when required, the appointment of external auditors;
  - reviewing the adequacy of accounting and business policies, approving and ensuring appropriate application of new policies, and revisions to existing policies to ensure compliance with Australian accounting standards as required;
  - reviewing and approving the published financial statements, including the annual statutory financial statements and the ASX Appendix 4B at both half year and full year, of Melbourne IT Limited prior to submission to the Board for approval with particular attention to:
    - significant changes in accounting policies and practices;
    - major areas requiring judgement;
    - significant audit adjustments, if any;
    - proposed departures from accounting standards if any;
    - reviewing and approving other externally published financial information that requires approval of the Board;
    - ensuring the adequacy of the systems of internal control, including delegated authorities;
    - ensuring the adequacy of security and controls over management information systems;
    - ensuring the existence of an adequate framework for identification and management of business, operational and financial risks;
    - ensuring the existence of an adequate framework to monitor and provide compliance with laws and regulations;
    - ensuring the existence of an adequate framework that could be reasonably expected to prevent and detect material fraud;
    - directing special projects or investigations as required by the Board; and
    - reviewing related party transactions.

## **Meetings**

- 10) The number of meetings is to be determined by the Audit & Risk Management Committee Chairman so as to allow the Audit & Risk Management Committee to fulfil its obligations, but shall not be less than three each year.
- 11) The quorum for a meeting shall be a minimum of two directors.
- 12) The Chairman is required to call a meeting of the Audit & Risk Management Committee if requested to do so by any Audit & Risk Management Committee member, management or the external auditor.
- 13) The Secretary shall maintain minutes of all meetings of the Audit & Risk Management Committee. The minutes shall be signed by the Chairman.

## **Attendance**

- 14) Representatives of the external auditor and Company management may attend all or part of each meeting at the invitation of the Chairman.
- 15) The Audit & Risk Management Committee shall meet with the external auditor without the presence of management of the Company, at least on an annual basis.

## **Non-Consensus**

- 16) Where the Audit & Risk Management Committee is unable to reach consensus on a matter, the Chairman of the Audit & Risk Management Committee shall report this to the Board. The Board shall determine whether the matter can be resolved by it or by independent advice.

## **Access**

- 17) The Audit & Risk Management Committee shall have right of access to:
  - The CEO and CFO;
  - all levels of management; and
  - the external auditors.
- 18) In certain circumstances a director may consider it necessary to seek independent professional advice in carrying out his duties. Should this arise, the director would discuss the matter with the Chairman of the Board and any advice considered necessary would be obtained at the expense of Melbourne IT.

## **Reporting and Appraisal**

- 19) The Chairman of the Audit & Risk Management Committee shall report to the Board subsequent to each Audit & Risk Management Committee meeting on:
  - results of the external audit processes;
  - minutes and formal resolutions; and
  - other key activities and major issues of which the Board should be informed.

- 20) The Chairman of the Audit & Risk Management Committee shall report to the Board on the Audit & Risk Management Committee's performance on an annual basis. The performance of the Audit & Risk Management Committee shall be measured against this Charter and other relevant criteria as approved by the Board.
- 21) The Audit & Risk Management Committee shall be responsible for review and approval of appropriate disclosures to be included in the Company's annual report regarding the ARMC's activities and performance.

#### **Charter Review**

- 22) The Audit & Risk Management Committee Charter shall be reviewed annually and revised as required.