

## **Audit and Risk Committee Charter**

### **1. INTRODUCTION**

The purpose of this Charter is to document the objectives, responsibilities, composition and administration of the Audit and Risk Committee (**ARC**) of Australian Geomechanics Society Limited (**AGS**).

### **2. OBJECTIVES**

The role of the Audit and Risk Committee (**ARC**) is to assist the Board of the AGS (**Board**) in relation to:

- a) Risk management and internal controls;
- b) Compliance audit requirements; and
- c) other Audit and Risk-related matters as referred by the Board.

The Committee acts as an advisory body to the Board and has the authority of the Board as set out in this Charter or otherwise delegated by the Board.

The Committee is accountable to the Board for its performance.

### **3. DUTIES AND RESPONSIBILITIES**

#### **3.1. Overview**

The ARC considers any matters necessary in order to fulfil its objectives and makes recommendations to the Board. The ARC also examines any other Audit and Risk-related matters referred to it by the Board.

#### **3.2. Audit and Risks, Policies and Controls**

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

- a) Monitor the adequacy and effectiveness of the AGS's Audit and Risk management processes and practices and other policies as relevant, including its financial management;
- b) Make recommendations to the Board regarding the AGS's emerging and material risks, including mitigation of such risks;
- c) Monitor the application of AGS's administrative, operating and accounting policies through active engagement with AGS Chapter Chairs and the external auditors;
- d) Review the AGS's insurance program, having regard to the AGS's business, risk appetite and risk profile.
- e) Identifying and monitoring compliance with legal and regulatory obligations

### **4. COMPOSITION AND WORKING**

#### **4.1. Membership**

- a) The ARC comprises at least three (3) members, including:
  - (i) the ARC Chair, who is to be an AGS Board member but must not be the Chair of the Board; and

- (ii) at least two other parties either from the Board, National Stakeholders Group (NSG) or external. ARC members external to the Board and NSG must be approved by the NSG in accordance with the AGS Constitution.
- b) The ARC Chair will be appointed by the Board.
- c) The Board may remove the ARC Chair or any ARC member at any time.
- d) A quorum of the ARC is at least 75% and a minimum of any three (3) members of the RC.
- e) If the ARC Chair is unable to attend a meeting, the ARC Chair will appoint an alternate Chair from the ARC who will act as Chair for the purposes of that RC meeting.
- f) All AGS Board members can attend ARC meetings.
- g) Other AGS members and advisors can also be invited to attend meetings by the ARC Chair if appropriate for the content of the meeting.
- h) The ARC is to appoint one of its members to record minutes for each meeting, on a fixed or rotating basis.

#### **4.2. Meetings**

- a) Meetings of the ARC are held at least four (4) times per year. Special meetings can be convened as required to fulfil the ARC's responsibilities. The ARC may also meet at the request of the Board, any ARC member, or the AGS General Manager.
- b) The ARC can meet with the internal or external auditors as it considers necessary or at the request of the internal or external auditors.
- c) ARC meetings may be held in person, by telephone, by video conference, or by any combination of these media.
- d) ARC members will receive a meeting agenda and supporting information at a reasonable time before each meeting, with an aim of one to two weeks prior to the relevant meeting.
- e) ARC members must disclose all matters that could, or do, give rise to an actual or perceived conflict of interest in relation to a matter or decision being considered by the ARC.
- f) The minutes are to be provided to the ARC Chair for review as soon as practicable after the meeting and then circulated to the ARC members for approval.
- g) The ARC may pass a resolution without a meeting of the ARC if at least 75% and a minimum of three of the members of the RC entitled to vote on the resolution assent to a document containing a statement or resolution that they are in favour of.

#### **4.3. Authority**

- a) The Board has absolute authority over the ARC's findings and recommendations.
- b) The Board delegates authority to the ARC, within the scope of its responsibilities set out in this Charter, to:
  - (i) Obtain any information the ARC requires from any employee or external party, including interviewing the General Manager and/or supporting staff and internal and external auditors (with or without the General Manager and supporting staff present);
  - (ii) Obtain outside legal or other independent professional advice; and
  - (iii) Facilitate the attendance at ARC meetings of external parties with relevant experience

and expertise.

- c) As set out in this Charter, the Board has delegated authority to:
- (i) the ARC to approve the internal audit plan and AGS policies within the ARC's area of responsibility; and
  - (ii) the **ARC Chair** to approve certain proposals for engagements for non-audit services in accordance with any auditor independence requirements of the AGS.

#### **4.4. Sub-Delegation**

The ARC may, at its discretion, delegate some or all of its responsibilities to the ARC Chair or to a sub-committee of the ARC following notification of the Board.

#### **4.5. Board Reporting**

The ARC Chair reports to the Board after each meeting of the ARC. The report must cover the findings and recommendations of the ARC and must cover any matters raised by the external auditor. The papers and minutes of all ARC meetings are to be made available to the Board.

#### **4.6. Review of Charter, Committee Composition and Committee Performance**

- a) At least annually, the ARC will review this Charter and recommend any proposed changes to the Board; and conduct a self-evaluation to assess its performance against the ARC's responsibilities contained in this Charter.
- b) The Board will at least annually in the first meeting of the financial year review the composition of the ARC and the performance of the ARC, with feedback provided to the ARC Chair.