



**Devine Limited**

## **Audit Committee Charter**

**Updated  
December 2017**

## **1.0 Organisation**

This charter governs the operations of the audit committee in relation to its activities in connection with Devine Limited and each of the subsidiary entities that comprise the "Devine Group". The committee will review and reassess the charter at least annually and refer any material changes to the Board of Directors for approval.

### **1.1 Membership**

The committee members will be members of, and be appointed by, the Board of Directors and will comprise at least two Directors who have diverse and complementary backgrounds, the majority of whom are to be independent of management and the Company, where possible, subject to the Board of Directors being comprised of a sufficient number of independent directors. In addition, the committee chair will have leadership experience and a strong finance, accounting and/or business background. All committee members will be financially literate, or become financially literate within a reasonable period of time after appointment. Furthermore, at least one member will have accounting and/or related financial management expertise as determined by the Board of Directors.

### **1.2 Meetings**

The committee will meet at least four times each year. The purpose of these meetings will be to:

1. Review the External Audit Plan.
2. Review and approve the half-year financial report (Appendix 4D).
3. Receive and consider Internal and External audit reports and review the performance of the Internal and External Audit functions.
4. Review and approve the full-year financial report (Appendix 4E) and full-year accounts.
5. Review the risk register and risk matrix and ensure that they are appropriate and that effective systems are in place to monitor and manage these assessed risks.

Furthermore, the committee will meet in a private session at least annually (in May) to assess management's effectiveness in relation to the Company's financial reporting, internal controls and risk management systems.

## **2.0 Purpose**

The audit committee will provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and the external audit functions. In doing so, it is the responsibility of the committee to maintain free and open communication between the committee, external auditors, and management of the Company.

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 Company and has the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

## **3.0 Duties and Responsibilities**

### **3.1 Understanding the business**

The committee will ensure it understands the Company's structure, controls, and types of transactions in order to adequately assess the significant risks faced by the Company in the current environment.

### **3.2 Financial reporting**

The primary responsibility of the audit committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board. Whilst the audit committee has the responsibilities and powers set forth in this Charter, it is not the duty of the audit committee to plan or conduct audits.

The Board of Directors is responsible for the Company's financial reports including the appropriateness of the accounting policies and principles that are used by the Company.

The external auditors are responsible for auditing the Company's financial reports and for reviewing the Company's unaudited interim financial reports.

The committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The committee will take appropriate actions to set the overall corporate 'tone' for quality financial reporting, sound business risk practices, and ethical behavior.

The following will be the principal duties and responsibilities of the audit committee. These are set forth as a guide with the understanding that the committee may supplement them as appropriate.

### **3.3 Assessment of accounting, financial and internal controls**

The committee will discuss with management, the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk and legal compliance programs.

Any opinion obtained from the external auditors on the Company's choice of accounting policies or methods should include the appropriateness and not just the acceptability of that choice or method.

The committee will meet separately, periodically with management, and the external auditors to discuss issues and concerns warranting committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The committee will provide sufficient opportunity for the external auditors to meet privately with the members of the committee.

The committee will review with the external auditor, any audit problems or difficulties and management's response. The committee will receive regular reports from the external auditor on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

### **3.4 Assessment of the external audit**

The committee, at least on an annual basis, will obtain and review a report by the external auditors describing (or meet, discuss and document the following with them):

- The audit firm's internal quality control procedures.
- Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues.
- All relationships between the external auditor and the Company (to assess the auditor's independence).

In addition, the committee will set clear hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgment or independence in respect of the Company.

### **3.5 Appointment of external auditors**

The committee will be directly responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting.

The committee will approve all audit and non-audit services provided by the external auditors and will not engage the external auditors to perform any non-audit/ assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of the Company.

The committee may delegate approval authority to a member of the audit committee. The decisions of any audit committee member to whom approval authority is delegated must be presented to the full audit committee at its next scheduled meeting

### **3.6 Independence of the external auditors**

The Committee will review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of the Company.

### **3.7 Scope of the external audit**

The committee will discuss with the external auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures. In addition, the Committee will also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

### **3.8 Assessment of the internal audit function**

The Committee in conjunction with the Board will review the requirement for an internal auditor based on the size and complexity of the business. The Committee will review the internal audit function and resources and discuss the scope of the internal audit function with senior management and the CEO. This will include the work program and quality control procedures.

### **3.9 Release of financial information to the market**

The committee will review and discuss ASX and press releases that relate to financial matters prior to these being referred to the Board for approval. This will include financial information and earnings guidance to be provided to analysts and rating agencies.

The committee will review the half-year financial report (Appendix 4D) and the full-year report (Appendix 4E) prior to the filing of these with the ASX. Also, the committee will discuss the results of the half-year review and any other matters required to be communicated to the committee by the external auditors under generally accepted auditing standards. The chair of the committee may represent the entire committee for the purposes of this review.

### **3.10 Management representation letters, audit reports and reviews, handling of complaints and compliance breaches**

The committee will review all representation letters signed by management to ensure that the information provided is complete and appropriate. Also, the committee will discuss the results of the annual audit and any other matters required to be communicated to the committee by the external auditors under generally accepted auditing standards.

The committee will establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Any complaints received by the Company in relation to accounting policies or other financial matters are to be summarised and presented to the Audit Committee.

The committee will receive corporate legal reports of evidence of a material violation of the *Corporations Act*, the ASX Listing Rules or breaches of fiduciary duty.

### **3.11 Committee performance**

The committee will perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.