



## Audit Committee Charter

### 1. Purpose and Duties of the Audit Committee

- 1.1. The principal purpose of the Audit Committee is to assist the Board in fulfilling its statutory, regulatory and fiduciary responsibilities by providing an objective non-executive review of matters in the following areas:
  - a. the external reporting of financial information including the suitability of accounting policies and the application of accounting requirements;
  - b. the internal control environment of the Group (including the governance of financial, tax and accounting risks which face the Group);
  - c. the Group Audit and external audit functions; and
  - d. the Group's Risk Management Framework, in conjunction with the Risk Committee.
- 1.2. The specific responsibilities of the Committee are set out in the Charter below.

### 2. Composition

- 2.1. The Audit Committee shall comprise at least three members.
- 2.2. All members must be non-executive, independent directors and financially literate.
- 2.3. Members should, between them, have the accounting and financial expertise and sufficient understanding of the financial services industry to be able to discharge the Committee's mandate effectively.
- 2.4. The Audit Committee shall not be chaired by the Chairman of the Board.
- 2.5. The term of each member will be determined by the Board through annual review.
- 2.6. The Risk Committee Chairman will be a member of the Audit Committee and vice versa to assist with the flow of relevant information between the two Committees.

### 3. Meetings

- 3.1. The Audit Committee will meet at least quarterly, and as required to undertake its role effectively.
- 3.2. The presence of one half of the members of the Audit Committee (rounded upwards if not a whole number) is necessary to constitute a quorum. No business may be transacted unless a quorum is present.
- 3.3. The Audit Committee will invite the external auditor and Group Auditor to all meetings of the Audit Committee. Members of management or others will be invited to attend meetings and provide pertinent information as necessary.
- 3.4. Minutes of the meetings will be circulated to all Directors and, as appropriate, to attendees. A report on the business of meetings will be made to the Board by the Chairman of the Audit Committee following each meeting of the Audit Committee.

#### **4. Powers of the Audit Committee**

- 4.1. The Audit Committee has the power to call attendees as required, including having open access to management, auditors (external and Group auditors) with or without management present, and the right to seek explanations and additional information as necessary to fulfil its responsibilities.
- 4.2. The Audit Committee will meet from time to time with the Group Auditor and external auditor, without management or others being present.
- 4.3. Similarly, senior management and the Group Auditor and external auditor have free and unfettered access to the Audit Committee. The Group Auditor has a direct reporting line to the Audit Committee, whilst maintaining an administrative reporting line to the Chief Financial Officer.
- 4.4. The Audit Committee will meet from time to time with the Chief Executive Officer and Chief Financial Officer, without the respective auditors and other parties, including management, being present.
- 4.5. The Audit Committee has the option, with the concurrence of the Chairman of the Board, to retain independent legal, accounting, or other advisors to the extent the Committee considers necessary at the Group's expense.
- 4.6. The Audit Committee will be granted any other power necessary for it to perform its functions.

#### **5. Duties and Responsibilities of the Audit Committee**

- 5.1. The duties and responsibilities of the Audit Committee are as follows:

##### Financial Reporting and Internal Control

- 5.2. Review the Group's half and full year statutory reporting and recommend to the Board for approval. Oversee key aspects of the Group's major market update presentations for the half and full year statutory reports. This process includes obtaining assurances from the external auditor that the Group's half and full year market update presentations are consistent with the reviewed half year/audited full year statutory accounts;
- 5.3. Oversee the Group's internal control environment and convey the results of that oversight to the Board;
- 5.4. Review the processes and controls that are used to reach the opinions, provided in the certifications of the Chief Executive Officer and Chief Financial Officer, given in connection with the Group's half year and full year statutory reporting, and management's report on risk management and internal control over financial reporting risks, including the disclosures made;
- 5.5. Assess, and obtain assurance over, the processes and controls used to manage the Group's reporting under APRA statutory reporting requirements; and
- 5.6. Oversee the resolution of significant internal control deficiencies reported by the Group Auditor and the external auditor.

##### Group Audit

- 5.7. The Group Audit function reports directly to the Committee through the Chairman. Accordingly, the Committee approves the annual audit plans of

Group Audit and all significant changes to these plans, and oversees progress against these approved audit plans. To facilitate timely dealings, the authority for approval of all significant changes to annual audit plans has been delegated to the Committee Chairman. A summary of key plan changes approved by the Committee Chairman are circulated to Committee members;

- 5.8. Assess, at least annually, the independence of the Group Audit function, provide feedback to management on its performance and obtain an external assessment on their adequacy and effectiveness at least once every five years, at the Committee's discretion;
- 5.9. Periodically review and approve the Group Audit & Assurance Charter; and
- 5.10. Approve, on the recommendation of management, the appointment and, if necessary, the dismissal of the Group Auditor.

#### External Audit

- 5.11. Assess, at least annually, the independence, adequacy and effectiveness of the external auditors (including the external audit partners), and review and approve the rotation of the external audit partners, the external auditor's fee and terms of engagement;
- 5.12. Review the annual audit plans of the external auditor;
- 5.13. Approve the External Auditor Services Policy on an annual basis;
- 5.14. Review and recommend to the Board for approval, for the purposes of the directors' report to be included in the annual report, the disclosure pertaining to non-audit services provided by or on behalf of the external auditor during the year to the Group (including whether those services comply with the statutory auditor independence requirements and the reasons);
- 5.15. Approve non-audit services not listed in the External Auditor Services Policy, prior to the engagement of the external auditor. To facilitate timely dealings in these circumstances, this authority has been delegated to the Audit Committee Chairman with the Committee being formally advised of all approvals on a six monthly basis. For matters below certain agreed thresholds, the Audit Committee Chairman has further delegated this approval authority to the Deputy Chief Financial Officer; and
- 5.16. Recommend the appointment of, or if necessary, the removal of the external auditor to the Board, for approval by the shareholders.

#### Other Responsibilities

- 5.17. Review the results of the annual review, conducted by the Group Auditor and/or the external auditor, of compliance with, and the effectiveness of, the Group's Risk Management Framework;
- 5.18. Review reports from management, summarising the outcomes from investigations pertaining to the Group Whistleblower Protection Policy, and oversee management's actions to investigate and address serious cases of fraud and unethical behaviour reported under that policy;

- 5.19. Advise the Remuneration Committee of any matters relating to financial outcomes that warrant consideration when the Remuneration Committee is reviewing:
  - a. the amount of incentives to be awarded; and
  - b. the amount of deferred incentives or long-term incentives to be vested in the Chief Executive Officer or Group Executives;
- 5.20. Consider significant issues raised at other Audit Committees in the CBA Group and respond as appropriate;
- 5.21. Assess annually the completion of the Audit Committee's responsibilities under the Charter and report such findings to the Board and ensure any matters not appropriately dealt with are suitably actioned;
- 5.22. Assess annually the effectiveness of the Audit Committee as part of the annual Board effectiveness review. The findings should be considered by the Committee and the Board and actioned as appropriate; and
- 5.23. Committee members must be available to meet with APRA upon request, within a reasonable timeframe.

## **6. Reliance on Information or Advice Provided by Others**

- 6.1. Each member of the Audit Committee is entitled to rely on the executives of the Group for matters that are within their responsibility and on the advice of counsel and other experts, as long as they are not aware of any grounds where reliance would be inappropriate.

## **7. Amendments to this Charter**

- 7.1. This Charter is subject to annual review and approval by the Board.
- 7.2. The Audit Committee may recommend to the Board any amendments to this Audit Committee Charter at any time.

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## **Attachment**

### **Definition of terms used in the Audit Committee Charter**

Advise:	To recommend a course of action/inform about a fact or situation.
Approval:	To confirm or sanction officially; to ratify.
Assist:	To give support or aid to; help.
Assess:	To review information on a topic and develop an opinion of its status.
Consider:	To reflect on a matter and conclude whether an action is required.
Ensure:	To take all reasonable steps and make all reasonable enquiries as are appropriate for a board so that the Board can determine, to the best of its knowledge, that the stated matter has been properly addressed.
Oversee:	To receive reports on and making enquiries about.
Recommend:	To advise as a course of action.
Review:	To assess (something) formally with the intention of instituting change if necessary.