

**millennium**

**Audit, Risk & Compliance  
Committee Charter.**

Adopted on 25 October 2019

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# 1 Designation

Board Committee

# 2 Reporting to

The Board of Directors

# 3 Role of the Committee

The role of the Audit, Risk and Compliance Committee (Committee) is to assist the Board in discharging its responsibilities and obligations in relation to financial reporting, legal compliance requirements and risk management of Millennium Services Group Limited and its related entities (the Group).

# 4 Composition and administration

## 4.1 Composition

4.1.1 The Committee, of at least 3 non-executive directors, will be appointed by the Board and as far as possible will:

4.1.1.1 Comprise a majority of independent directors;

4.1.1.2 Be chaired by a director who is not Chair of the Board and is otherwise independent;

4.1.1.3 Have at least 1 member with financial expertise and all members are required to be financially literate; and

4.1.1.4 Have at least 1 member with an understanding of the industry in which the Company operates.

## 4.2 Meetings

4.2.1 The Committee will meet as often as the members deem necessary in order to fulfil their obligations, although it is intended that the Committee meet no less than twice per financial year.

4.2.2 Additional Committee meetings may be convened as the Chair of the Committee considers necessary, taking into account requests from any member, the Chief Executive Officer, the Chief Financial Officer or the external auditor.

4.2.3 A quorum of the Committee will comprise of any two members.

4.2.4 The Chair is responsible for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

4.2.5 The Company Secretary is responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and other members of the Board.

4.2.6 Decisions will be determined by majority vote, but the chair shall report the fact of a dissenting vote to Board when reporting the decision to the Board. The chair shall not have a casting vote.

### **4.3 Term**

4.3.1 The Board will review the composition of the Committee annually.

### **4.4 Administration and procedures**

4.4.1 The Committee will regulate itself consistently with the procedures set out in Section 4 of the Board Charter.

## **5 Duties and responsibilities of the Committee**

The duties and responsibilities of the Committee include:

### **5.1 Maintenance of an effective and efficient external audit**

- 5.1.1 Monitor and make recommendations to the Board on the effectiveness of the Company's external audit function.
- 5.1.2 Make recommendations to the Board in regard to:
  - 5.1.2.1 The scope of external audit and the development of audit plans;
  - 5.1.2.2 The process for putting the external audit out to tender at least once every 5 years;
  - 5.1.2.3 The appointment of the external auditor; and
  - 5.1.2.4 Any exceptions or qualifications reported, or recommendations made, by the external auditor in the auditor's opinion and management letter.
- 5.1.3 Ensure there have been no unjustified restrictions or limitations placed on the auditor.
- 5.1.4 Review the efficiency and effectiveness of the external auditor.
- 5.1.5 Review and assess non-audit service provision by the external auditor, with particular consideration to the potential for the provision of these services to impair the external auditor's judgement or independence.
- 5.1.6 Monitor the implementation of any actions required by the Board to be taken by management to address any exceptions or qualifications reported and recommendations made by the external auditor.
- 5.1.7 Liaise with the external auditors, including at least 2 meetings each year with the auditors. A portion of these meetings, dealing with the preparation of the audited accounts of the Company, should take place in the absence of all management.
- 5.1.8 Review the form and content of representation letters provided by the external auditors and management representation letters provided to the external auditors.
- 5.1.9 Review and make recommendations on the external auditor's audit fee and also consider fees for non-audit services and these fees as proportion of total fees.
- 5.1.10 Directly oversee the external audit tender process, including at least 2 of the members of the Audit Committee on the interview panel for the tender.

### **5.2 Reliable external financial reporting**

- 5.2.1 Monitor the procedures in place to ensure the Company's external financial reporting is in compliance with Corporations Law, Accounting Standards and other legislative and reporting requirements. To achieve this the Committee will:

- 5.2.1.1 Review and make recommendations to the Board, after seeking the opinion and view of the external auditor, in relation to accounting policies or required changes to the major accounting policies of the Company;
- 5.2.1.2 Review and assess any significant estimates and judgements in financial reports;
- 5.2.1.3 Monitor compliance by management with all approved accounting policies of the Company;
- 5.2.1.4 Obtain regular reports from the external auditor on the critical policies and practices of the Group and on all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management; and
- 5.2.1.5 Review and assess documents and reports to regulators and make recommendations to the Board on their approval or amendment.

### **5.3 Effective management of corporate risk**

- 5.3.1 Monitor the effectiveness of the Company's systems for accounting, legal and internal controls to manage corporate risk and make recommendations to the Board when necessary.
- 5.3.2 Ensure the integrity of audit and risk controls:
  - 5.3.2.1 Evaluate the adequacy and effectiveness of the internal financial and other controls used by the Company to ensure the accuracy and integrity of all information provided to the Board and to others outside the Company; and
  - 5.3.2.2 Where the Committee considers it necessary, it will enquire into the resources, systems and controls of the Company as they affect the audit, financial management, risk or compliance functions or the integrity of the systems and controls relating to those functions, and will make any resulting recommendations to the Board.
- 5.3.3 Oversight of the implementation and review of risk management and related internal compliance and control systems.
- 5.3.4 Review regular reports on all litigation and claims and advise the Board in respect of any material legal risks.
- 5.3.5 Oversight of the insurance portfolio (including approval of the general insurance program and recommendations to the Board for Directors' & Officers' insurance).
- 5.3.6 Regularly consider and monitor the Company's exposure to significant risks and make recommendations to the Board in respect of such monitoring findings, including strategic and operational improvements in risk management planning and implementation and insurance strategies.
- 5.3.7 Ensure the Board is aware of any matters that might have a significant impact on the financial condition of the Company.
- 5.3.8 Review proposed transactions between the Company, its directors and members of management with a view to avoiding conflicts of interest.
- 5.3.9 Review reports on any major defalcations, frauds and thefts from the Company and ensure that control procedures are adequate.

5.3.10 Monitor compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by Management in relation to those requirements.

5.3.11 Ensure completion and lodgment of the Company's annual corporate governance statement in accordance with ASX requirements.

#### **5.4 Other responsibilities**

5.4.1 Report any matter that the Committee considers should be brought to the attention of the Board.

5.4.2 Undertake any task or action that the Board requests or authorises.

5.4.3 The Committee shall assess its own performance on a regular basis.

## **6 Authority and powers**

### **6.1 Authority**

6.1.1 The Committee has authority to:

6.1.1.1 Investigate any matter brought to its attention;

6.1.1.2 Have direct access to any employee or contractor of the Company and obtain any information that it requires from any employee or contractor in order to discharge its responsibilities; and

6.1.1.3 Have direct access to independent auditors, lawyers, company, tax and other financial advisors and company documents.

### **6.2 Powers**

6.2.1 The Committee has an advisory role to assist the Board and does not have any power to commit the Board to any recommendation or decision made by it except if it has express delegated authority from the Board.

## **7 Audit engagement policy**

The Committee's criteria for selecting external auditors includes the following:

7.1.1 The extent of any current or past connection or association with the Company or with any member of senior management that could in any way impair or be seen to carry with it any risk of impairing, the independent external view they are required to take in relation to the Company.

7.1.2 Their general reputation for independence and probity and professional standing within the business community; and

7.1.3 The extent to which audit staff employed by the external audit partner, including the partner with overall responsibility for the engagement, are required to be rotated periodically and, in any event, at intervals not exceeding 5 years in order to avoid risk of impairing the independent external view that the external auditors are required to take in relation to the Company.

## 8 Audit process

The Committee has adopted the following audit planning process:

### 8.1 As required during the year, it will:

- 8.1.1 Discuss the external audit plan, any significant issues that may be foreseen and the impact of any proposed changes in accounting policies on the financial statements;
- 8.1.2 Review the nature and impact of any changes in accounting policies adopted by the Company during the year and the fees proposed for the audit work to be performed; and
- 8.1.3 Organise, review and report on any special reviews or investigations deemed necessary by the Board.

### 8.2 Prior to announcement of results, the Committee will:

- 8.2.1 Make the necessary recommendation to the Board for the approval of relevant documents;
- 8.2.2 Review the results and findings of the audit (or audit review), the adequacy of accounting, financial and operating controls and the implementation of any recommendations made; and
- 8.2.3 Review the pro-forma half-yearly and pro-forma preliminary final report, draft financial report and the audit report (or audit review report) and make the necessary recommendations to the Board for the approval of the financial report.

## 9 Charter reviews

This Charter will be reviewed and, if appropriate, updated by the Board on a recommendation from the Audit, Risk and Compliance Committee every 2 years.