



# HumanAbility Ltd

## Audit and Risk Committee Terms of Reference

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## 1. Role of the Committee

- 1.1. The purpose of the Audit and Risk Committee (the Committee) is to assist the HumanAbility Board (the Board) meet its governance and management control responsibilities. It will do this through overseeing processes and reporting scrutiny that ensure the reliability of management and financial reporting, and by overseeing effective internal and external audit processes which provide appropriate internal controls and minimise risk. It will also oversee an effective risk management process to monitor and manage the risk profile and policies of the organisation.
- 1.2. The Committee will also provide oversight on HumanAbility Ltd's (HumanAbility) Code of Conduct and Ethics Policy and the culture of the organisation.
- 1.3. It reports to the Board and its authorities are as outlined in the Delegation of Authority Policy.
- 1.4. The Committee Chair may convene meetings if requested by any Committee member, the Chief Executive Officer, the Chief Finance Officer or the external auditor.

## 2. Composition

- 2.1. The Committee will comprise of up to five (5) Board members, and will be chaired by a nominated Director of the Board, who is not the Chair of the Board.
- 2.2. Have at least three (3) members.
- 2.3. The quorum for a meeting is three (3) Board members.
- 2.4. The Committee may also have expert financial and/or legal advisers participate as ex officio members to supplement the expertise of the board members of the committee.

## 3. Term

- 3.1. The Board will confirm membership of the Committee yearly.

## 4. Administration and Procedures

- 4.1. The Committee will meet:
  - a) at least four (4) times per year
  - b) one (1) of the meetings will be set at a date to enable the draft annual financial reports and statements to be reviewed prior to presentation to the Board, and will be attended by the external auditors; and



- c) the external auditors can be invited to attend any meeting and during the meeting can meet with the Committee in the absence of management.
- 4.2. The Committee will otherwise regulate itself consistent with the procedures set out in the Board Charter.
- 4.3. The minutes of each Committee meeting will be tabled at the next Board meeting.

## **5. Specific Finance Responsibilities of the Committee**

- 5.1. Specific finance responsibilities are to:
  - a) review quality and reliability of financial statements and other financial information and recommend for acceptance by Board, including adequacy of financial controls
  - b) provide advice to the Board on financial risks and the viability of HumanAbility
  - c) review significant transactions which are not a normal part of HumanAbility's business and may be considered 'abnormal'
  - d) consider the adequacy of disclosure of related party transactions in the financial statements; and
  - e) recommend to the Board approval of annual audited financial statements.

## **6. Specific Audit Responsibilities of the Committee**

- 6.1. Specific audit responsibilities are to:
  - a) review external audit reports to ensure that major deficiencies or breakdowns in controls are remedied promptly and with the appropriate action
  - b) review the performance of the external auditor; and
  - c) recommend nomination(s) of external auditor for approval of the Board.

## **7. Specific Risk Management Responsibilities of the Committee**

- 7.1. Specific risk management responsibilities are to:
  - a) monitor the establishment of an appropriate internal control framework
  - b) review risk management practices and HumanAbility's exposure to risks



- c) monitor and review the Work Health and Safety (WHS) policy, to ensure safe working conditions and practices are in place
- d) review material legal matters at each meeting, including regular reviews of the Contract Register
- e) review the adequacy of insurance coverage
- f) at least annually, review the current Risk Matrix and Risk Register; and
- g) ensure that all IT systems in use are appropriate for the business in terms of age and cost and that adequate plans are in place for business continuity in case of any event impacting the business.

## 8. Specific Compliance Responsibilities of the Committee

8.1. Specific compliance responsibilities are to:

- a) monitor the procedures in place to ensure that HumanAbility is in compliance with the Corporations Act and other legislative and reporting requirements
- b) monitor processes and procedures that ensure that HumanAbility meets its contractual obligations and the contractual obligations of others to HumanAbility
- c) review HumanAbility's superannuation policy to ensure compliance with relevant laws and regulations; and
- d) review controls are in place to ensure compliance with Goods and Services Tax (GST), Pay As You Go withholdings (PAYG), Fringe Benefits Tax (FBT) and other tax reporting and payment legislation.

## 9. Conflict of Interest

9.1. Committee members are required to:

- a) Disclose any actual, potential or perceived conflicts of interest that they have in relation to affairs of the Committee to the other members of the Committee; and
- b) Must not:
  - I. Be present while any matter which relates to their conflict of interest is being considered at the meeting; or
  - II. Vote on the matter where conflict has been identified.



unless those Committee members who do not have a conflict of interest in the matter have passed a resolution that:

- a) Identifies the Committee member
- b) The nature and extent of their conflict of interest; and
- c) States that those Committee members are satisfied that the interest should not disqualify the Committee member from voting or being present.

## 10. Authority

10.1. The Committee has authority to:

- a) investigate any matter brought to its attention
- b) obtain any information that it requires from any employee of organisation to discharge its responsibilities
- c) have direct access to any employee or contractor of the organisation and seek any information that it requires from any employees of the organisation to discharge its responsibilities; and
- d) have direct access to independent auditors, company, tax and other financial advisors and company papers and lawyers.

## 11. Powers

11.1. 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.

## 12. Reviews

12.1. These Terms of Reference will be reviewed, and, if appropriate, updated by the Board on recommendation from the Audit and Risk Committee every two (2) years.