

Sample audit committee charter

Audit Committee

Constitution

The audit committee shall be a committee of the board established by the board.

Objectives

The objective of the committee is to assist the board in discharging its responsibilities relative to financial reporting and regulatory conformance.

Membership

Members of the committee shall comprise members of the board appointed by the board. The number of members of the committee shall be not less than three all of whom shall, wherever possible, be independent non-executive directors. The CEO shall not be a member of the committee. The board shall appoint a chair from the independent non-executive members of the committee. The chair of the board should not chair the committee.

Meetings

- The secretary of the committee shall be appointed by the board.
- A quorum of members of the committee shall be two.
- The committee may have in attendance such members of management including the CFO, and such other persons including the internal auditors and external auditors, as it considers necessary to provide appropriate information and explanations.
- All directors shall be entitled to attend meetings of the committee provided that executive directors shall not be entitled to attend those meetings which the committee chooses to hold without any company executives present.
- Reasonable notice of meetings and the business to be conducted shall be given to the members of the committee, all other members of the board, the CEO, the CFO, the internal auditors and the external auditors.
- Meetings shall be held no less than three times during the year, having regard to the company's reporting and audit cycle.
- Any member of the committee, the CEO, the CFO, the internal auditors or the external auditors may request a meeting at any time if they consider it necessary.
- Minutes of all meetings shall be kept.
- The agenda and minutes of all committee meetings shall be circulated to members of the board, the CEO, the CFO, the external auditors and to such other persons as the board directs.

Responsibilities

The responsibilities of the committee are as follows:

- liaise with internal and external auditors
- review of the annual audit plan with the external auditors
- assess the performance of financial management
- review audit findings and the annual financial statements
- review interim financial information
- clear public releases of financial information to the media
- review accounting policies
- oversee compliance of statutory responsibilities relating to financial and other requirements
- review the frequency and significance of all transactions between the company and related parties and assessment of their propriety
- review the appointment of the external auditors and their fees
- review the independence of the external auditors and the appropriateness of any non-audit services they undertake for the company
- review the internal auditors and their activities
- ensure recommendations highlighted in internal audit reports are actioned by management
- monitor corporate risk assessment and internal controls instituted
- supervise special investigations when requested by the board
- any other duties and responsibilities which have been assigned to it from time to time by the board.

Authorities

The committee will make recommendations to the board on all matters requiring a decision. The committee does not have the power or authority to make a decision in the board's name or on its behalf.

The committee is authorised by the board to investigate any activity within its charter. It is authorised to seek any information it requires from any employee and all employees will be directed to cooperate with any request made by the committee. The committee is also authorised to obtain, at the expense of the company, outside legal or other independent professional advice and to arrange for the attendance at meetings, at the expense of the company, of outside parties with relevant experience and expertise if it considers this necessary.

Review of the committee and the charter

The committee shall undertake an annual self-review of its objectives and responsibilities, and of its charter. Such objectives, responsibilities and charter shall also be reviewed by the board and any other person the board considers appropriate.

Reporting procedures

The committee shall maintain direct lines of communication with the external auditors, the CEO, the CFO, the internal auditors and with management generally including those responsible for nonfinancial risk management.

The CEO and the CFO shall be responsible for drawing to the committee's immediate attention any material matter that relates to the financial condition of the company, any material breakdown in internal controls, and any material event of fraud or malpractice.

The committee shall be provided with copies of all correspondence between the external auditors and management.

After each meeting the chair will report the committee's recommendations and findings to the board. The minutes of all committee meetings shall be circulated to members of the board, the CEO, the CFO, the external auditors and to such other persons as the board directs.

The chair will present an annual report to the board summarising the committee's activities during the year and any related significant results and findings.

Charter adopted by the committee on XX/XX/20XX.