



Cooperative Research Centre for an Internationally Competitive Pork Industry

Audit Committee Terms of Reference

1. The Terms of Reference

1.1 These **terms of reference** establish the purpose and responsibilities of the **Audit Committee** within the governance system of the **Pork CRC**.

2 Purpose

2.1 The **Audit Committee** serves as a sub-committee of the **Board** with delegated responsibility for the general oversight of **the Pork CRC** affairs in the areas of financial accounting and reporting, Government reporting, risk management, and the underlying internal control environment.

The **Audit Committee** shall endeavour to determine that auditing procedures and controls are adequate to safeguard the **Pork CRC's** financial position and to assess compliance with:

- **Pork CRC** policies
- Government reporting requirements
- Legal requirements

As such, the **Audit Committee** assists the **Board** in exercising due care, diligence and skill in discharging its oversight and monitoring responsibilities.

2.2 Through its activities the **Audit Committee** facilitates open communication among core members, supporting members, external auditors, internal auditors (if appointed) and the executive management group by meeting in private session regularly with these parties.

3 **Membership**

- 3.1 The **Committee** shall consist of three members of the **Board** one of whom shall be appointed by the **Board** as the **Audit Committee Chair**.
- 3.2 All **Audit Committee** members must be financially literate.
- 3.3 Terms of appointment of **Audit Committee** members will be determined by the **Board**.

4 **Meetings and Procedures**

- 4.1 The **Audit Committee** shall meet at least four times per year. The Chair has the power to call a meeting whenever needed.
- 4.2 A quorum is reached if two **Audit Committee** members are present including by telephone.
- 4.3 Each member on the **Audit Committee** has one vote.
- 4.4 The **Pork CRC** will provide secretarial support as required to the **Audit Committee**.
- 4.5 The **Audit Committee** may invite the CEO, members of the Executive management group of the **Pork CRC**, or others, to attend the meetings.
- 4.6 If appropriate a representative of the external auditor will be invited to be an observer to the meetings of the **Audit Committee**.
- 4.7 The **Audit Committee** shall be given full access to the external auditor, internal auditor (if appointed), and the Executive management group.
- 4.8 The **Audit Committee** will report to the **Board** after each meeting. The report shall cover:
 - 4.8.1 Minutes of the **Audit Committee** meeting;
 - 4.8.2 Any formal resolutions or decisions of the **Audit Committee**.
 - 4.8.3 Information about the audit process and significant recommendations and results from audits; and
 - 4.8.4 Any major issues of which the **Audit Committee** believes the **Board** should be informed.
- 4.9 The **Audit Committee** has the power to conduct or authorise investigation into matters within the **Audit Committee's** areas of responsibility as defined below.
- 4.10 The **Audit Committee** may undertake any matters as directed by the **Board**

5 Responsibilities

- 5.1 The **Audit Committee** endorses the Audit Committees: Best Practice Guide¹ to assist members in discharging their responsibilities.
- 5.2 The **Audit Committee** will select, evaluate and recommend to the **Board** the appointment or, where appropriate, replacement of the external auditor who is ultimately accountable to the **Board**.
- 5.3 The **Audit Committee** will review the terms of engagement of the external auditor and these will be detailed in a letter of engagement, which will be recommended to the **Board** and, if approved, signed by the **Audit Committee** Chair on behalf of the **Board**.
- 5.4 The **Audit Committee** will confirm and assure the independence of the external auditor and (if appointed) the internal auditor.
- 5.5 The **Audit Committee** will annually review and approve the scope of each financial year's external and internal audit.
- 5.6 The **Audit Committee** will annually review, and recommend where necessary:
- the external audit fee; and
 - non-audit services, and the fees for such services, provided by the **Pork CRC's** external auditor.
- 5.7 To improve audit efficiency, the **Audit Committee** will consider coordination of external and internal audit work plans.
- 5.8 The **Audit Committee** will review any significant risks, findings and recommendations that emanate from either the external auditor or internal audit work or other sources, together with the Executive management group's responses to them.
- 5.9 At the end of the financial year, the **Audit Committee** will review with the external auditor, internal auditor (if appointed) and the Executive management group:
- the **Pork CRC's** annual financial statement and all related notes/reports;
 - the external auditor's audit of, and report on, the financial statements;
 - the external auditor's qualitative judgement about the appropriateness of accounting principles and disclosures; and;
 - any serious difficulties or disputes with the Executive Management Group encountered during the course of audit work.

¹ Audit Committees: Best Practice Guide (2001 Edition), Developed by The Auditing & Assurance Standards Board of the Australian Accounting Research Foundation, The Australian Institute of Company Directors and The Institute of Internal Auditors – Australia.

- 5.10 The **Audit Committee** will review and confirm all reports required in terms of the agreement between the Commonwealth and the **Pork CRC** Participants.
- 5.11 The **Audit Committee** will review and monitor the propriety of related-party transactions.
- 5.12 The **Audit Committee** will review and reassess these **Terms of Reference** at least annually and recommend any proposed changes to the **Board** for approval.
- 5.13 The **Audit Committee** will review the financial integrity of the annual budget and the appropriateness of reporting requirements.

End
