

Audit Risk and Compliance Committee Charter

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Introduction

The purpose of this charter is to document the objectives, responsibilities, and administration of the Australian Dairy Farmers (ADF) Board's Audit, Risk and Compliance Committee as delegated by the Board.

Responsibilities of the Committee

The Committee is a formal committee of the Board, and is responsible to the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities as set out below.

Financial Information

- Review financial information pertaining to ADF presented by ADF management to the Board and to the public;
- Review draft ADF annual financial statements before board approval, focusing on:
 - Significant changes in accounting policies and practices
 - Major areas of business judgment
 - Significant audit adjustments
 - Proposed departures from accounting standards; and
 - Compliance with statutory requirements for financial reporting
- Consider the effects on ADF of any new or proposed accounting practices, principles, developments, disclosure requirements, and legislative or regulatory pronouncements
- Consider the performance of the ADIC investment portfolio and make any recommendations to the Board.

Risk, Policies and Controls

- Perform an annual review of the effectiveness of ADF risk management framework and plans to ensure all controls are appropriate for achieving ADF goals and objectives and make any recommendations to the ADF Board for endorsement
- Review ADF organisational policy updates and make recommendations to the Board
- Monitor the application of ADF administrative, operating and accounting policies through active communication with appropriate ADF staff and external auditor
- Review all reported compliance breaches
- Oversee ADF compliance to internal and external controls, providing advice to the CEO in the management of compliance
- Review the ADF insurance program to ensure it meets ADF's needs and aligns with ADF's risk profile;
- Review reports prepared by the external auditor on financial statements, business activities, controls and other issues identified during the conduct of the annual audit
- Monitor ADF management response and action to correct deficiencies raised by the auditor

External Auditors

- Recommend to the Board appointment and remuneration of external auditors;
- Review the performance of the external auditors;
- Ensure that no management restrictions are placed on the external auditors
- Monitor the independence of the external auditors and their compliance with the requirements of the Corporations Act 2011 and professional standards as updated from time to time
- Review audit plans and reports
- The contract for external auditors is to be sent to tender every five (5) years

Committee Meetings

The Committee will meet as appropriate to fulfill the Committee's responsibilities, with a target of meeting twice per year. At least one of these meetings will be face to face.

The external auditor may request a meeting with the Committee as part of the annual audit if they consider it necessary.

Committee Membership

The Committee will consist of three members appointed by the Board.

The Board will appoint the Chair of the Committee annually at the ADF Board meeting following the ADF Annual General Meeting. The Chair of the Board is excluded from membership of this Committee.

The Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of ADF. At least one member of the Committee should have appropriate accounting or financial management experience with a general understanding of accounting and auditing standards.

Attendance at Committee Meetings

A quorum of the Committee is any two (2) members of the Committee. In the event that the Chair is not present the Committee members will appoint a Chair for the meeting.

Meetings can be held in person or by telephone or video conference. When travel is involved, where possible, the meeting should be held to coincide with other Board related meetings to minimise costs. Travel that does not align with existing meetings and is not covered by an external party needs to be approved by the CEO.

Agenda and minutes of Committee meetings

The ADF CEO will appoint a person to provide secretariat support to the Committee. The secretariat will ensure an agenda is prepared for each meeting and supporting papers are circulated, after approval of the Committee Chair, one week before the meeting. The secretariat will ensure minutes of the meeting are prepared and maintained.

Committee members must declare any conflicts of interest at the start of each meeting or before discussion of a relevant agenda item or topic. These declarations are to be included in the minutes.

Authority

The Committee has no executive power over its findings and recommendations.

The Board authorises the Audit, Risk and Compliance Committee, within the scope of its responsibilities, to:

- Obtain any information it requires from any employee or external party; and
- Obtain outside legal or other independent professional advice on approval of the Board within reasonable timeframes and proportionate to the risk to the organisation.

Board reporting

The Chair of the Committee reports to the Board after each meeting of the Committee. The report should cover the findings and recommendations of the Committee and should cover any matters raised by the external auditor. The minutes of all Committee meetings are circulated to all Board members and a summary will be included in the appropriate Board Meeting Summary (in terms of meeting timing) circulated to National Councillors.

Publication of the Committee Charters

The Charter will be available to members of the Board, Committee members, external auditors and stakeholders. A copy of this Charter is available on the ADF website in the Members area.

Review of Committee, charter and composition

The Committee is to review annually its composition and charter at the meeting following the ADF Annual General Meeting, and recommend any changes to the Board.