

Charter: Audit Committee

Charter: Audit Committee

Background

The Pental Audit Committee exists to assist the Board of Directors in fulfilling its corporate governance responsibilities covering in particular the following areas of responsibility:

- Assessing the organisation's risk and control environment
- Overseeing financial reporting
- Evaluating the audit processes

This responsibility extends to all operations of the Group.

Authority

The Audit Committee is authorised by the Board to deal with any activity within its charter. As such, the Committee members have unrestricted access to management, staff members, financial records and external auditors, as they may consider appropriate and necessary.

Composition

The Audit Committee is to comprise a minimum of three non-executive Board members, one of whom will be appointed Chairman. The Chairman of the Board of Directors for the time being may attend Audit Committee meetings as a member, but may not preside as Chairman of the Audit Committee.

Members will be appointed to the Audit Committee for an initial term of three years, with membership being reviewed every three years or earlier if required.

Periodic rotation of Audit Committee members is to be encouraged, with no more than one member leaving the committee pursuant to rotation in any one year unless circumstances dictate otherwise.

Meetings

Audit Committee meetings are to be held at least four times a year and, where appropriate, may be held via teleconference or videoconference.

The agenda shall be decided by the Chairman after consultation with other members of the Committee and the Chief Executive Officer and Chief Financial Officer of Pental.

Minutes are to be maintained of all meetings and copies are to be made available to members of the Board as required. The Chairman of the Audit Committee shall provide an update on relevant matters to the full Board at the meeting following each Audit Committee meeting.

A quorum shall be at least three members of the Committee.

Meeting conduct

Senior executives and other appropriate personnel may be invited to attend Audit Committee meetings, although not necessarily for the full duration of the meeting.

The following personnel are also expected to attend by invitation on a regular basis:

- Chief Executive Officer
- Chief Financial Officer
- Representative of external auditors

The Audit Committee will meet with the representatives of the external auditors, without management being present, at least on an annual basis and more frequently if deemed necessary by the Chairman.

Duties

Specific duties of the Audit Committee include the following:

1. Assessing the risk & control environment

Determine that management has implemented policies designed to ensure that Pental's risks are identified and that controls are adequate, in place and functioning properly. This includes the following:

- Periodic review of the complete Pental Risk Register and top 10 risks to be reported to the Board to ensure identification and management of risk as set out below
- Evaluation of the control environment and internal controls generally
- Assess risks relative to the achievement of Pental's objectives and determine how those risks should be managed
- Establish that the policies and procedures developed to address risks are appropriate
- Assess the overall appropriateness of Pental's information systems
- Review of Insurance Register and insurance policies to ensure they are adequate and relevant
- Monitor performance of the control system over time

2. Overseeing financial reporting

The Audit Committee's responsibilities include:

- Review of Full year and half year Statutory Financial Reports and management financial reports
- Assess the appropriateness of management selection of accounting policies and disclosures
- Review significant or unusual transactions and accounting estimates
- Confer with both management and the external auditors about the financial reports
- Understand management's responsibilities and representations

- Confirm to the Board whether the financial reports represents a true and fair view of the organisation's financial position and complies with the regulatory requirements

3. Evaluating the audit process

The Audit Committee is in charge of the responsibility of ensuring that the external and internal audit functions complement each other and that their efforts are co-ordinated and effective. As such, the Audit Committee is responsible for:

- Overseeing the external audit process, including review of audit scope, approval of fees and any other matter related to appointment, resignation or dismissal of the external auditor
- Assessing the effectiveness of any internal audit activities undertaken and any systems evaluation conducted
- Overseeing the independent audits and reviews of specific business units and specific information systems

Self assessment

The Audit Committee's charter is to be reviewed annually and updated as required. The Committee will undertake its own performance evaluation and the Chairman will report to the Board accordingly on an annual basis.

Approved and adopted

Revised version approved by the Board on 20 November 2014.