



## AUDIT COMMITTEE CHARTER

**At Mobile Embrace Limited, the responsibilities of the audit committee are:**

### **A. External Reporting**

- Consider the appropriateness of the entity's accounting policies and principles and any changes, as well as the methods of applying them, ensuring that they are in accordance with the stated financial reporting framework
- Assess significant estimates and judgements in financial reports by enquiring of management about the process used in making material estimates and judgements and then enquire of the external auditors for the basis of their conclusions on the reasonableness of management's estimates
- Review management's processes for ensuring and monitoring compliance with laws, regulations and other requirements (including Australian Accounting Standards, the Corporations Act 2001 and the Australian Stock Exchange and where applicable, those of other countries) relating to the external reporting by the entity of financial and non-financial information
- Ensure that a comprehensive process is established by the entity's management to capture issues for the purposes of continuous reporting to the Australian Stock Exchange
- Assess information from external auditors that affects the quality of the financial reports (e.g. Actual and potential material audit adjustments, financial report disclosures, non-compliance with the laws and regulations, internal control issues)
- Ask the external auditor for an independent judgement about the appropriateness, not just for acceptability, of the accounting principles used and the clarity of the financial disclosure practices used or proposed to be used by the entity as put forward by management
- Review documents and reports to regulators and make recommendations to the board on their approval or amendment
- Assess the management of non-financial information in documents (both public and internal) to ensure the information does not conflict inappropriately with the financial statements and other documents and assess internal control systems covering information releases that have the potential to adversely reflect the entity's conduct
- Review for completeness and accuracy the reporting of the entity's main corporate governance practices as required under the ASX Listing Rules
- Recommend to the board whether the financial and non-financial statements should be signed based on the committee's assessment of them.

### **B. Related party transactions**

- Review and monitor the propriety of related-party transactions

### **C. Internal Control and Risk Management**

- Assess the internal processes for determining and managing key risk areas particularly:

- i. non compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
  - ii. important judgements and accounting estimates
  - iii. litigation and claims
  - iv. fraud and theft; and
  - v. relevant business risk
- Ensure that the entity has effective risk management systems and that macro risks to the entity are reported at least annually to the board
  - Receive from management, reports on all suspected and actual frauds, thefts and breaches of laws
  - Address the effectiveness of the entity's internal control system with management and the external auditors
  - Evaluate the process the entity has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk
  - Assess whether management has controls in place for unusual types of transactions and/or potential transactions that may carry more than the acceptable degree of risk
  - Assess the effectiveness of compliance with the corporate code of ethical conduct
  - Meet periodically with key management, external auditors and compliance staff to understand and discuss the entity's control environment.

#### **D. External Audit**

- Make recommendations to the board on the appointment, remuneration and monitoring of the effectiveness and independence of the external auditor
- Ensure that any suggestions by management that the auditor needs to be replaced, or that the audit needs to be put out to tender, are referred to and examined carefully by the committee with it reporting to the board on its examination before any decision is made by the Board.
- Review the external auditor's fee and be satisfied that an effective, comprehensive and complete audit can be conducted for the set fee
- At the start of each audit, agree on the terms of the engagement with the external auditor
- Invite the external auditor to attend audit committee meetings to, at least, review the audit plan, discuss the audit results and consider the implications of the external audit findings for the control environment
- Together with the external auditors, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon-procedures on a regular and timely basis
- Enquire of the auditor if there have been any significant disagreements with management irrespective of whether or not they have been resolved
- Monitor and critique management's responsiveness to the external auditor's findings and recommendations
- Review all representation letters signed by management and ensure that the information provided is complete and appropriate
- Provide the opportunity for the committee members to meet with the external auditors without Management personnel being present at least once a year
- Review the external auditor's independence based on the external auditor's relationships and services with the entity and other organisations that may impair the external auditor's independence.



**E. Administration**

- Document the details of the composition of the committee, including the number of independent non-executive directors and non-director committee members
- Formalise the process for committee member appointment, replacement by the board and their terms of office
- Formalise the process for reviewing the independent non-executive status of committee members
- Formalise the process for appointing the committee secretary
- Detail the arrangements for meetings, including the power to call a committee meeting and details of what constitutes a quorum
- Report on the activities of the committee to the board