

Audit Committee Charter

1. Purpose

The Audit Committee ('the Committee') is a committee of the Queensland Teachers' Union Health Ltd Board ('the Board'). The Committee's primary role is to assist the Board in the effective discharge of its responsibilities, by providing an objective, non-executive review of the effectiveness of financial management and reporting, internal control structures, and internal and external audit functions of the Group.

2. Membership

- 2.1 The Committee will consist of a minimum of three and a maximum of five members of the Board, one of whom shall be the Chair of the Committee. The Chair must be an independent Director as defined by the Private Health Insurance Prudential Standards. A majority of members must be independent, as per the same criteria.
- 2.2 The Committee members must be appropriately financially literate and at least one member must have accounting or associated financial management experience. Other desirable experience for members includes auditing, risk management, compliance, legal, or actuarial.
- 2.3 The Chair, members, and term of appointment of each member shall be determined by the Board.
- 2.4 The Chair of the Committee must not be the Chair of the Board or the Chair of the Risk Management Committee.
- 2.5 The Chair of the Board of Directors is invited to attend all meetings as an ex-officio member, but is not a formal or voting member of the Committee.
- 2.5 The Committee may have the same members as the Risk Management Committee.

3. Meetings

- 3.1 Meetings will be held at least quarterly. In addition, the Chair of the Committee may call such additional meetings as may be necessary.
- 3.2 Three members of the Committee are required to be present to constitute a quorum.
- 3.3 Representatives from the Company's External and Internal Auditors and Appointed Actuary may be invited to attend Committee meetings (in part or in whole). The Committee may meet with the External and Internal Auditors and Appointed Actuary without management being present whenever it is deemed appropriate by the Chair of the Committee.
- 3.4 External and internal auditors and the Appointed Actuary have a right of direct and unfettered access to the Committee through the Chair of the Committee.
- 3.5 The Chief Executive Officer, Executive Manager Strategy and Finance and Head of Finance may be required to attend Committee meetings on a regular basis, in whole or in part, and may be provided with copies of relevant Committee papers. Other employees of the Company may also be requested to attend from time to time by the Committee.
- 3.6 Meetings shall be conducted on a formal basis and be effectively minuted by the Company Secretary (or delegate) as to proceedings and recommendations. Meeting agendas must be prepared by the Company Secretary (or delegate) in line with the Committee Charter and

following any input from Committee Members and the Chief Executive Officer. The meeting agenda shall be confirmed by the Committee Chair and relevant meeting materials distributed to all members of the Committee at least five days prior to a meeting.

3.7 Minutes of meetings must be prepared and sent to the Committee Chair as soon as possible after the conclusion of the meeting. Minutes must be confirmed as an accurate record of the meeting at the next subsequent meeting of the Committee.

3.8 The Chair of the Committee will report to the Board following each Committee meeting.

4. Role and Responsibilities

4.1 The role and responsibilities of the Committee are to consider matters referred to it by the Board, and in particular:

4.1.1 Finance

- (a) Monitor the Company's ability to meet its financial obligations as and when they fall due;
- (b) Recommend annual operating and capital budgets to the Board;
- (c) Monitor performance against management forecasts, including annual budgets and agreed benchmarks and objectives;
- (d) Review financial reports and the annual Financial Statements; and
- (e) Monitor and make recommendations to the Board on significant capital expenditure, including land, buildings and fixed assets.

4.1.2 Accounting, Audit, Actuarial and Statutory Reporting

- (a) Review and report to the Board on the Company's statutory reporting requirements, including in respect of the Financial Statements, focussing particularly on:
 - the appropriateness of the Company's accounting policies and practices and whether the quality of financial reporting is adequate;
 - major judgemental areas;
 - significant adjustments resulting from any internal or external audits;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with regulatory reporting and any other legal requirements; and
 - the annual statement provided by the Chief Executive Officer and Executive Manager Strategy and Finance that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results.
- (b) Consider, with advice from the external auditor, the nature and scope of the external audit including identified risk areas, and to consider any matters the auditor may wish to raise (in the absence of management where necessary);
- (c) Monitor and liaise with the external auditor so that the annual statutory audits are conducted in an effective manner;

- (d) Review the external auditor's external completion report including any findings and management's response;
- (e) Make recommendations to the Board on the appointment, removal and remuneration of the external auditor as well as monitoring the effectiveness and independence of the auditor;
- (f) Make recommendations to the Board on the appointment, removal and remuneration of the appointed actuary as well as monitoring the performance and independence of the appointed actuary;
- (g) Make recommendations to the Board on the appointment, removal and remuneration as well as monitoring the effectiveness and independence of the internal auditor;
- (h) Oversee the performance and objectivity of the internal auditor;
- (i) Review and make recommendations to the Board on the internal audit program, and ensure that the internal audit function has appropriate standing within the organisation;
- (j) Oversee the annual internal audit program, review findings of internal audit reports and management's responses in relation thereto and ensure that appropriate and prompt remedial action is taken by management;
- (k) Ensure that the internal audit program and external audit engagement jointly cover all material risks and financial reporting requirements;
- (l) Maintain policies and processes to enable employees to confidentially submit concerns about accounting, audit, compliance, risk management or related matters;
- (m) Oversee accounting and tax risks, including recommending mitigation strategies to the Board; and
- (n) All APRA statutory reporting requirements.

4.1.3 General

- (a) Any other related responsibilities referred to the Committee by the Board from time to time.

4.2 The Board will review the performance of the Committee against its Charter every year, in conjunction with the annual Board evaluation process.

5. Support for Committee Members

5.1 An induction program to support newly appointed Directors to the Committee will include:

- (a) A session with the Chair of the Committee covering the Committee Charter and relationship of the Committee with the Board;
- (b) A session with the Executive Manager Strategy and Finance or delegate covering relevant financial policies, annual financial statements and content, annual internal audit plan and external audit arrangements.

6. Authority

- 6.1 The Committee is authorised by the Board to investigate any activity that falls within the terms of its Charter. In this regard, it is authorised to:
- (a) seek any information it reasonably requires from any employee;
 - (b) seek any information it reasonably requires and hold discussions with the Internal Auditor and/or the External Auditor and Appointed Actuary; and
 - (c) obtain outside legal or other independent professional advice; and
 - (d) secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 6.2 The Committee has no authority to implement its recommendations on matters that fall within the terms of its Charter, but submits such recommendations to the Board for consideration.