



**WorleyParsons**

resources & energy

EcoNomics™

# **Audit and Risk Committee Charter**

## **WorleyParsons Limited**

Last reviewed by the Committee: 22 February 2016

Adopted by the Board: 24 February 2015

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**WORLEYPARSONS LIMITED  
AUDIT AND RISK COMMITTEE CHARTER**

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## WORLEYPARSONS LIMITED AUDIT AND RISK COMMITTEE CHARTER

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### 1. ROLE

The primary role of the Audit and Risk Committee (“the Committee”) is to assist the Board in assessing the effectiveness of the control environment in the WorleyParsons Group (“WorleyParsons” or “the Company”) in the areas of operational and financial risk. In doing so, it is the responsibility of the Committee to maintain free and open communications between the Committee, the external auditors, the Internal Audit function and the management of the Company.

### 2. RESPONSIBILITIES AND FUNCTIONS

The Committee’s role is to assist the Board in reviewing financial reporting and the appropriate application of accounting policies. The Committee shall also assist the Board in the identification and management of risk, and review of the internal control policies and the Company’s procedures for the identification, assessment, reporting and management of risks.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

The Committee or an individual member may seek independent advice, at the company’s expense, where the committee or the individual member considers such advice necessary or appropriate.

The Committee will be responsible for:

#### ***External Audit:***

- nominating the external auditor to the Board, including establishing the process for the identification of suitable candidates and for their selection and appointment to the role of the external auditor;
- monitoring the length of service of the external audit engagement partner for the purposes of rotation, including establishing the process for the selection and appointment of a replacement audit engagement partner;
- approving the terms of the contract with the external auditor including the audit fees;
- approving and monitoring the nature and quantum of non-audit services provided by the external auditor and providing advice to the Board as to whether the provision of non audit services is compatible with the general standard of independence and why those non audit services do not compromise audit independence;
- evaluating the performance and independence of the external auditors; and
- reviewing and approving the annual audit plan.



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### ***Internal Audit:***

- approving the appointment or removal of the Director of Internal Audit;
- ensuring a direct reporting line to the Committee Chair and to the CEO (with reporting to the GMD Assurance only for the purposes of internal administration and procedural matters);
- ensuring that the Internal Audit function remains independent;
- overseeing the effectiveness of the Company's internal controls;
- evaluating and critiquing management's responsiveness to the internal auditor's findings and recommendations;
- approving the terms of reference of the Internal Audit function and annual programme; and
- evaluating the performance, resourcing, objectivity and effectiveness of Internal Audit programmes.

### ***Financial Reporting:***

- assisting the Board in determining the reliability, integrity and appropriateness of accounting policies, financial reporting and disclosure practices;
- monitoring compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial results;
- assessing the adequacy and clarity of presentation of financial information to shareholders;
- reviewing of financial reports and making recommendations to the Board for adoption, taking into account the statements by the Chief Executive Officer and the Chief Financial Officer as to the truth and fairness of the financial statements and their compliance with relevant accounting standards and secondly, as to whether the statements are founded on a sound system of risk management and internal control, which is operating effectively;
- reviewing compliance with accounting standards;
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding external accounting, internal accounting controls and auditing matters; and
- reviewing the financial statements to take into account decisions requiring a major element of judgement and the extent to which the financial statements are affected by any unusual transactions.

### ***Risk Management and Compliance:***

- assisting the Board in the identification and management of risk;
- annually reviewing the risk management framework, including the internal control policies and the procedures for the identification, assessment, reporting and management of risk;
- ensuring compliance with laws and regulations including stock exchange requirements;



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- ensuring that there are effective and efficient procedures for managing, reporting and responding to risks and events;
- receiving corporate legal reports in relation to material violations of material laws, in particular corporate laws and the ASX Listing Rules, and acting appropriately on a case-by-case basis;
- reviewing Group codes and policies related to the Committee's scope of responsibility and recommending these to the Board for approval;
- overseeing investigations of allegations of conflicts of interest, fraud or malfeasance; and
- reviewing and making recommendations to the Board regarding the Company's insurance program.

### 3. RELATIONSHIP WITH THE EXTERNAL AUDITOR

The Committee will ensure that the partner managing the audit for the external auditor is changed within a period of five years, commencing from the date of initial listing of the Company.

The Committee will ensure the independence, authority and effectiveness of the external auditor and will maintain open lines of communication between the auditor and the Board.

The Committee will have full and unfettered access to the external auditor and will be entitled to meet with the auditor without management present.

The Committee will require the external auditor to:

- submit a formal written statement delineating all responsibilities and work completed by the auditor;
- report to the Committee on any significant matters raised with management; and
- prepare and consider any report or other disclosures to be included in the Company's annual report or other communications to shareholders on the relationship between the external auditors and the Company

### 4. MEMBERSHIP OF THE COMMITTEE

The Committee will be comprised of at least three (3) non-executive directors, with all of the directors being independent directors. The Board will appoint the Chair of the Committee, who should be an independent director.

The Board may appoint such additional directors to the Committee or remove and replace members of the Committee by resolution.

Members of management must not be appointed members of the Committee. Non-committee members, including the external auditor and representatives of the external auditor and other advisors, may attend meetings of the Committee at the invitation of the Committee Chair, who will have regard to potential conflicts of interest when making invitations. The invitation to attend the Committee meetings may be a standing invitation. The CEO, or any other attendee, may not



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participate in deliberations of the Committee where the matter could affect his or her position or where he or she has a personal interest in the matter.

It is intended that all members of the Committee will have familiarity with financial management and at least one Committee member will have relevant qualifications and experience.

### **5. ADMINISTRATION AND REPORTING**

The Committee will meet at least every four months or coincident with every second Board meeting.

A notice of each meeting confirming the date, time, venue together with the agenda and Committee papers shall be forwarded to each member of the Committee (with a copy to all Board Members) five working days prior to the date of the meeting. Any member may, and the Secretary must, convene a meeting of the Committee upon a member's request.

The Secretary of the Committee will attend all Committee meetings and record minutes as minute secretary. All minutes of the Committee, when approved and signed by the Committee Chair, will be circulated to all directors of the Board by the next following board meeting and will be entered into the Committee's minute book.

The Committee Chair will provide an oral report as to any material matters arising out of the Committee meeting at the next following Board meeting. The Committee will make recommendations to improve the effectiveness of internal control systems and risk management policies and procedures.

A quorum will comprise any two Committee members. In the absence of the Committee Chair or appointed delegate, the members shall elect one of their number as Chair for that meeting.

The Committee will meet with the external auditor at least semi-annually without the executive management present and will otherwise have free and unfettered access to the external auditor.

The Committee will meet in private session at least annually to assess management's effectiveness.

The Board will annually, at the first meeting of each calendar year, review the membership and charter of the Committee to determine its adequacy for current circumstances. Where necessary, the Committee may, by resolution, alter the responsibilities, functions or membership of the Committee and recommend to the Board the formal adoption of the revised charter for future operations of the Committee.

The Committee will report to the Board annually, in writing, on all matters relevant to the performance of its role and the discharge of its duties during the period, having regard to this Charter, in the format attached as Appendix A – Annual Report on the Activities of the Audit and Risk Committee.

### **6. AUTHORITY**

The Committee is authorised:

- a) to seek any information it requires from any employee of the Company and from the external auditor in order to perform its duties;



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- b) to obtain, at the Company's expense, external legal or other professional advice on any matters within its Charter; and
- c) to approve accounting policies and procedures and auditing methodology. Issues of material importance however will be referred to the Board with the Committee's recommendation.



## APPENDIX A – ANNUAL REPORT ON THE ACTIVITIES OF THE AUDIT AND RISK COMMITTEE

### 1. ROLE OF THE AUDIT AND RISK COMMITTEE

- Main responsibilities

### 2. COMPOSITION

- Members and the Company Secretary – names and appointment / resignation dates.
- The relevant qualifications, expertise and experience of each member.

### 3. RESOURCES

- Any dedicated resources available to the Committee, internal or brought-in.

### 4. MEETINGS

- Number of meetings, and attendance

### 5. FINANCIAL STATEMENTS

- Describe the activities carried out in order to monitor the integrity of the financial statements.

### 6. INTERNAL CONTROL AND RISK MANAGEMENT

- Describe how and when the committee discharged its responsibilities under the charter during the previous calendar year.

### 7. EXTERNAL AUDITOR

- Describe the procedures adopted to review the independence of the external auditors.
- Describe the audit scope and the auditors conduct in performing their terms of engagement.
- Describe the oversight of the external audit process and confirm that an assessment of the effectiveness of the external audit was made.
- Explain the recommendation to the Board on the appointment of the auditors (if any) and, if applicable, the process adopted to select the new auditor.