



## Internal Audit Charter

### 1. Introduction

The Boards of Aveo Group Limited and Aveo Funds Management Limited (**Board**) established the Group Internal Audit function as a key component of the Company's corporate governance framework.

This Charter establishes the purpose, authority and responsibilities of the Aveo Group Internal Audit function (**Internal Audit**), and should be read in conjunction with the *Aveo Audit and Risk Committee Charter*.

### 2. Purpose

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The purpose of Internal Audit is to:

- Provide an independent and objective assessment to the Board and management regarding the adequacy, effectiveness and efficiency of Aveo's risk management, control and governance processes; and
- Improve the adequacy, effectiveness and efficiency of Aveo's control environment.

### 3. Accountability

Internal Audit is accountable to the Board through the Chairman of the Audit and Risk Committee (**Committee**).

Administratively, Internal Audit reports to the Chief Financial Officer.

### 4. Independence

Internal Audit has no direct authority or responsibility for the activities it reviews. Company management holds the primary responsibility for establishing, implementing, maintaining and monitoring systems of internal control.

To maintain its independence, Internal Audit will not conduct audits where there is, or could be perceived to be, a conflict of interest. This includes situations where Internal Audit may be required to audit its own work (e.g. audit of a process where the auditor held operational responsibility in the preceding twelve months).

The Group Head of Audit & Risk retains and exercises the right to meet with the Committee in the absence of management to allow sensitive issues to be discussed. The Committee will seek assurance that no management restrictions are being placed upon the activities of the internal audit function, as outlined in the *Audit and Risk Committee Charter*.

It is the responsibility of the Group Head of Audit & Risk to communicate any actual, perceived or potential conflicts or threats that may compromise the objectivity or independence of the internal audit function.

### 5. Authority and Confidentiality

Internal Audit is given the mandate to have full, free and unrestricted access to all company

activities, records, premises, assets, personnel and other documentation and information that the Group Head of Audit & Risk considers necessary to enable Internal Audit to meet its responsibilities.

All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

## 6. Standards and Ethics

Internal Audit activities will be conducted in accordance with the Company's policies and procedures and relevant professional standards, including the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (**Standards**).

In the conduct of internal audit work, internal auditors will:

- comply with relevant professional standards of conduct;
- refrain from entering into any activity that may be in conflict with the interest of the Company or which would prejudice their ability to objectively carry out their duties and responsibilities;
- not accept a fee or gift from anyone in the course of performing their duties;
- possess the knowledge, skills and technical proficiency relevant to the performance of their duties; and
- exercise honesty, integrity, objectivity and due professional care in performing their duties.

The Group Head of Audit & Risk is responsible for establishing an effective quality assurance and improvement programme. In accordance with the Standards this will include an external quality assessment of the internal audit function being performed at least every five years. The results of this exercise will be reported to the Committee.

## 7. Responsibilities

Internal Audit is responsible for:

- providing the Board and management with an independent and objective assessment of the adequacy, effectiveness and efficiency of the Group's risk management, control and governance processes;
- preparing a flexible, risk-based annual internal audit plan for consideration and approval by the Committee;
- executing the annual internal audit plan in addition to Aveo's Quality and Compliance Audit Programme (operational community audits);
- recommending appropriate remedial actions to address deficiencies identified by audit work;
- reporting the results of internal audits and progress against the annual internal audit plan to the Committee;
- tracking the implementation of remedial actions and reporting on their status to the Committee;
- assisting the organisation in achieving its objectives by contributing to the improvement of risk management, control and governance and by promoting continuous improvement;
- providing advisory services to management to assist in the design and implementation, or improvement, of internal controls;
- considering the scope of work of the external auditor and other risk/assurance providers for the purpose of providing optimal audit coverage for the Group;
- overseeing and reporting to the Committee on investigations of suspected fraudulent and corrupt activities; and
- completing other assurance, advisory or investigative activities as requested by the Board or management from time to time.

## **8. Scope of Internal Audit**

Internal Audit's scope extends to all financial and non-financial activities and business areas of the Company. This includes any auditable companies, subsidiaries, associated entities, business units and operational and support processes.

Internal Audit's activities will provide assurance to the Board that:

- (a) the Group's business is conducted in an efficient and orderly manner;
- (b) the system of risk management and internal control designed and implemented by management is adequate and effective;
- (c) company assets are accounted for and safeguarded from loss and risk;
- (d) business operations are in compliance with established policies, plans, procedures, contracts and applicable laws and regulations;
- (e) resources are employed in an efficient and effective manner; and
- (f) financial and operational information is reliable, accurate and complete.

## **9. Relationship with External Service Providers**

The Group Head of Audit & Risk is primarily responsible for the sufficiency and management of internal audit resources. From time to time the Group Head of Audit & Risk may engage external service providers to support the internal audit function in the delivery of the annual internal audit plan. External service providers may be engaged where specialist skills or subject matter expertise is required, or where Internal Audit is precluded from auditing its own work. Any engagement should be documented in an engagement letter and appropriately approved.

Internal and external audit activities shall be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort. When requested, Internal Audit shall provide the external auditor with access to audit plans, working papers and reports.

## **10. Review of the Charter**

The Charter will be reviewed on a biennial basis to ensure appropriate organisational structure, authority, access and reporting arrangements are in place. Any substantive changes will be formally approved by the Committee on the recommendation of the Group Head of Audit & Risk

*This Policy was approved by the Audit and Risk Committee on 14 November 2017.*