

# Charter of responsibilities of the Audit Committee

## Introduction

The Audit Committee (**the Committee**) is a committee of the Board of Directors (**Board**) of McMillan Shakespeare Limited (**McMillan Shakespeare**) and is subject to the control and direction of the Board.

## Membership

The membership of the Committee shall solely consist of non-executive Directors and be chaired by the Chairman of the Board if deemed appropriate or another non-executive Director. The Board shall appoint the Chairman of the Committee. Executive Directors shall normally attend the meeting of the Committee as observers.

In addition, the Committee shall include members all of whom are financially literate, at least one member who has financial expertise (i.e. a qualified accountant or other financial professional with experience of financial and accounting matters) and some members with an understanding of the industries in which McMillan Shakespeare operates.

The Committee may have in attendance such members of management or any other party it may deem necessary.

## Quorum

Two Directors shall constitute a quorum for meeting of the Committee.

## Functions and Responsibilities

The Committee's primary functions are to act as an interface between the Board and the external auditors and, in particular, to:

- review the periodic consolidated statutory accounts and reports for McMillan Shakespeare and its related bodies corporate including the Appendix 4D and Appendix 4E with the external auditors;
- review the external audit plan;
- review reports prepared by the external auditors relating to the audit and their review of internal controls;
- review of the independence of the external auditor;
- provide the Board with an assessment of the external auditor's performance and independence and the appropriateness of their costs;
- make recommendations for the selection, appointment, rotation or removal of an external audit partner;

- review with management, and report to the Board on, the preparation of the periodic statutory accounts and report of McMillan Shakespeare and its related bodies corporate;
- review the systems in place which are aimed at ensuring accounting records are properly maintained in accordance with statutory requirements and that accounting policies comply with generally accepted accounting standards; and
- monitor the procedures in place that are aimed at ensuring the Company is complying with the *Corporations Act 2001* and the ASX Listing Rules.

The Committee shall report to the Board its findings and recommendations and does not have any executive powers.

### Meetings

The Committee shall determine the frequency of meetings but it would be expected that as a minimum meetings would be held at least twice per year.

At least once per annum the members of the Committee will meet with McMillan Shakespeare's external auditors in the absence of employees and executive management.

### **Reviewed and adopted by the Board 19 August 2008.**

The current composition of the Committee is:

- |   |                    |  |
|---|--------------------|--|
| ▪ | Mr Ron Pitcher, AM | Chairman, Independent non-executive Director |
| ▪ | Mr Graeme McMahon  | Independent non-executive Director           |
| ▪ | Mr John Bennetts   | Non-executive Director                       |
| ▪ | Mr Ross Chessari   | Non-executive Director                       |