

AUDIT COMMITTEE CHARTER BENDIGO COMMUNITY TELCO LIMITED

Role and responsibilities

The Committee is a committee of the Bendigo Community Telco Board. Its purpose is to provide assistance to the Board in relation to oversight of the following.

- External audit function
 - Internal audit function.
 - Statutory financial reporting.
 - Internal control framework.
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- All members must be able to read and understand financial statements.
 - At least one member must have financial expertise.
 - At least one member must have an understanding of the telecommunications industry.
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- Adopt procedures for the selection and appointment of the external auditor.
 - Recommend to the Board any proposed appointment or removal of the auditor.

Engagement

- To apply for engagement of an external auditor and parameters for the engagement terms and remuneration.
- Agree the annual audit engagement terms and remuneration for the auditor.

Performance of auditor

- Assess the performance of the Bendigo Community Telco auditor on an annual basis and report to the Board on that assessment.

Independence and non-audit services

- Recommend to the Board a policy in relation to auditor independence, rotation and the provision of non-audit services, and monitor compliance with that policy. Make sure that the policy reflects the requirements of the Corporations Act and takes into account the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.
- Receive any proposal by management for the provision of any non-audit services by the external auditor having regard to the policy of maintaining auditor independence.
- Assess the independence of the Bendigo Community Telco external auditors and whether the audit committee is satisfied

that the independence of this function has been maintained having regard to the provision of non-audit services, and report to the Board on the assessment. This includes providing the annual statement required by the Corporations Act as to whether the audit committee is satisfied that the provision of non-audit services is compatible with the independence of the auditor and the reasons for being so satisfied.

Management representation letter

- Receive and consider the management representation letter from the CFO to the external auditors.

Closing reports

- Receive and consider the closing report issued by the external auditor in connection with the half-year and full year financial statements, and report to the Board on the Committee's consideration of the closing report.

External audit management letter

- Receive and consider the external audit management letter, including findings and recommendations, together with management responses.
- Annual assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs and report to the Board on the assessment.
- Annual assessment of the management processes supporting external reporting and report to the Board on the assessment.
- Oversee compliance with the statutory financial reporting obligations of Bendigo Community Telco.
- Review the reviewed half-year financial statements and audited full year financial statements, together with the external audit closing report. The review is to include the following disclosures.
 - Any significant changes in accounting policies, principles and practices. This includes any proposed departures from accounting standards.
 - The appropriateness of disclosures in the financial statements.
 - Any significant audit adjustments.
 - Related party transactions.
 - Any known issues that may have a material impact on the financial statements including any material subsequent events.
- Recommend the half-year and full year financial statements for the Board for adoption.
- Recommend any change in accounting policies to the Board.

CEO and CFO declarations

Receive and review the written statements to the Board by the CEO and CFO on the following and on any other matters required by the Corporations Act and assess the processes that were used to reach the opinion provided in the statements.

- The financial records of Bendigo Community Telco for the financial year have been properly maintained in accordance with section 286 of the Corporations Act.
- The financial statements present a true and fair view, in all material respects, of the financial condition and operational results of Bendigo Community Telco and of the consolidated entity and are in accordance with relevant accounting standards.
- The above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- Bendigo Community Telco risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- Annual review of risk management and internal compliance and control systems in the Bendigo Community Telco and report to the Board on the results of the review.
- Reviews: The Committee may initiate reviews, as needed, to fulfil the Committee's responsibilities under this charter.
- General: Any other responsibilities delegated to the Committee by the Board from time to time. This may include oversight of due diligence, for example, in relation to major transactions.

Procedure

Procedural Rules apply to the Audit Committee.

The Committee may meet with employees and third parties without the presence of management. In the case of the Audit Committee, this includes meeting with internal audit and with external auditors in the absence of management.

A member of the Committee is not entitled to be present when an act or omission of that director or a contract or arrangement involving that director or a related party of that director is being investigated or discussed.

However, if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested director, the Committee may invite the director to address the Committee. The director will not be invited to take part in the deliberations following that address.

The Committee must meet as requested or on a quarterly basis.