

# Internal Audit Charter

May 2025

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## 1 Purpose of the Charter

- 1.1 This Charter sets out the mandate, objectives, role, responsibilities, authority and accountability of Internal Audit within ASX.

## 2 Mandate

- 2.1 The mandate of Internal Audit is to provide an independent, objective assurance and advisory services designed to add value and improve ASX's operations. It assists management and the Board to accomplish their objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of ASX's governance, risk management and internal control processes.

## 3 Objectives

- 3.1 Internal Audit is an independent assurance function established by ASX management. The primary purpose of Internal Audit is to support the Board and management to protect the assets, reputation, resilience and sustainability of the ASX.
- 3.2 The objectives of Internal Audit are to:
- provide focussed risk coverage by developing and conducting internal audits pursuant to an internal audit plan based on the key operational and financial risks facing ASX
  - establish an integrated approach to risk and control through co-ordination of ASX's assurance activities
  - maintain an updated Internal Audit Methodology, underlying practices and tools to enhance its effectiveness
  - foster awareness of risk and control – encouraging a management culture that seeks continual improvement in the management of risks and effectiveness of controls with business processes
  - respond flexibly to events – responding quickly to changes in the business environment, business risks and organisational priorities
  - exhibit operational efficiency – by being cost effective both in terms of cost and quality of work performed, and
  - work with other assurance functions – co-ordinate with ASX assurance functions and external audit to increase the effectiveness and efficiency of the audit effort.
- 3.3 Internal Audit is committed to adhering to the Institute of Internal Auditors (IIA) Global Internal Audit Standards and Core Principles for the Professional Practice of Internal Auditing.

## 4 Role, Nature and Scope

- 4.1 Internal Audit supports ASX's corporate governance framework by providing the Board (through the Audit and Risk Committee and the Clearing and Settlement boards) and management with:
- assurance ASX has effective, adequate and efficient internal controls in place to support the achievement of its objectives, including the management of risk, and

- advice with respect to ASX's internal controls and business processes.
- 4.2 These assurance and advisory services continuously reinforce management's responsibility for effective internal controls.
- 4.3 Management is responsible for risk management, and the operation and enhancement of internal controls. This includes responsibility for implementing recommended actions.
- 4.4 Where management request for Internal Audit to conduct audits, reviews or investigations in addition to those set out within the Internal Audit Plan, it is the responsibility of Internal Audit to assess the risk and completion in conjunction with the approved Internal Audit Plan.
- 4.5 The scope of Internal Audit's role is to review, assess and report on:
- the adequacy and effectiveness of the risk and control culture within the organisation
  - the adequacy and effectiveness of the governance and processes to address the risk of poor customer experience. This includes the designing and controlling of products, services and processes that align with customer and market interests
  - the adequacy and effectiveness of the systems of operational, financial and management control, and their operation in practice in relation to the key risks facing ASX
  - the extent of compliance with and relevance of policies, standard and procedures established by ASX and the extent of compliance with relevant laws and regulations
  - the extent to which the assets and interests are acquired economically, adequately accounted for and safeguarded from losses and fraud, and that adequate business continuity plans exist
  - the accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information
  - the integrity of processes and systems, including those under development
  - key corporate events representing a high risk to the organisation, and
  - the achievement of objectives of major projects which affect ASX's key risks.
- 4.6 Internal Audit offer a range of services including, but not limited to:
- Audits or reviews with a compliance, financial or operational performance improvement focus
  - Change assurance reviews of overall project health and governance or specific project delivery or delivered risks, and
  - Management-requested reviews or advisory work

## 5 Responsibility

Internal Audit is responsible for:

### 5.1 Audit planning and execution

- Developing an annual internal audit plan, in conjunction with management and using a risk-based methodology.
- Submitting the plan to the Audit and Risk Committee for review and approval. Developing and implementing an assurance program based on the plan which takes into consideration ASX's changing needs, including special requests from management (including consulting services), the Audit and Risk Committee or the Clearing and Settlement boards.

- Communicating to management, the Audit and Risk Committee and Clearing and Settlement boards any significant variation to the approved plan, including any requests for consulting services by management and accepted by the Internal Audit function, as determined by a risk-based approach.

## 5.2 Assurance reports

- Issuing written reports (including ratings) for each audit to key stakeholders and to the Chairman of the Audit & Risk Committee. The internal audit report will include management's response and corrective action taken or to be taken in regard to specific findings and recommendations.
- Providing regular reports to management, the Audit and Risk Committee and the Clearing and Settlement boards on the key findings from the internal audits completed, the status of audits completed against the internal audit plan and the status of implementation of agreed internal audit recommendations.
- Notifying management, the Audit and Risk Committee and the Clearing and Settlement boards of material internal control deficiencies.

## 5.3 Competence and standards

- Developing and maintaining an appropriately skilled and professional audit team with sufficient knowledge, skills and experience to meet the requirements of the audit plan.
- Ensuring the General Manager, Internal Audit is a member of an appropriate professional body, adhering to required professional standards, including the Institute of Internal Auditors.
- Adhering to mandatory guidance contained in the 'International Professional Practices Framework' (IPPF) and 'Global Internal Audit Standards' issued by the Institute of Internal Auditors (IIA).
- Complying with ASX's policies and procedures, and ASX's Internal Audit Methodology.
- Maintaining adequate levels of independence from ASX's business operations.

## 5.4 Process improvement

- Constructively working with management to challenge and improve established and proposed practices, and to propose ideas for process improvement.

## 5.5 Advice

- Providing advice with respect to internal controls and business practices.

## 5.6 Fraud

- Assisting in the investigation of significant suspected fraudulent activities within ASX and notifying management and the Audit and Risk Committee of the results.

# 6 Authority

6.1 Internal Audit is authorised to have unrestricted access to all functions' records, property and personnel.

6.2 The General Manager, Internal Audit has direct and unrestricted access to the Audit and Risk Committee and the Clearing and Settlement boards.

- 6.3 In addition, the General Manager, Internal Audit is authorised to:
- allocate resources, set frequencies, select areas of focus, determine scopes of work and apply the techniques required to accomplish audit objectives, and
  - engage specialist resources (internal and external) to supplement the skills of the internal audit function as required to fulfil the requirements of the audit plan.
- 6.4 Internal Audit is not authorised to perform any operational activities for the organisation.
- 6.5 The tenure of the General Manager, Internal Audit shall be five years. Where this tenure is exceeded, an annual independence assessment is required to be completed and reviewed by the Audit and Risk Committee.

## 7 Organisation and Independence

- 7.1 The General Manager, Internal Audit who is the Chief Audit Executive reports to the Chairman of the Audit and Risk Committee and for administrative purposes to the Chief Financial Officer (CFO). The General Manager, Internal Audit also has direct access to the Clearing and Settlement boards.
- 7.2 If a potential conflict arises between the CFO and Internal Audit, then the General Manager, Internal Audit has an obligation to use the reporting line to the Audit and Risk Committee or the Clearing and Settlement boards.
- 7.3 Internal Audit activities will remain free from interference by any element in the organisation (including matters of audit selection, scope, procedures, frequency, timing or report content) to ensure independence and objectivity.
- 7.4 Any requests for consulting services will be considered in the context of maintaining the independence of the Internal Audit function, as well as managing any perceived or actual conflicts of interest.
- 7.5 Management may request Internal Audit to conduct investigations and/or assess areas in addition to those set out within the Annual Internal Audit Plan. These requests will be assessed in conjunction with the Annual Internal Audit Plan and Internal Audit will determine whether to agree to any such requests. These requests will be reported to the Audit and Risk Committee.
- 7.6 Internal Audit will not have direct operational responsibility or authority over any of the activities audited and will maintain its independence when providing assurance or consulting services.
- 7.7 In the event that any member of the Internal Audit team has additional responsibilities outside of internal auditing, measures must be in place to safeguard the independence of the function.
- 7.8 Any conflicts within Internal Audit which cannot be remediated in line with established procedures and practices are to be escalated to the Audit and Risk Committee for formal review.
- 7.9 The Audit and Risk Committee reviews and concurs on the appointment, replacement, dismissal and remuneration of the General Manager, Internal Audit.
- 7.10 The Audit and Risk Committee reviews the performance, objectivity, independence and effectiveness of the Internal Audit function.

## **8 Relationship with other ASX assurance functions and external auditors**

- 8.1 In order to provide optimal assurance coverage at a reasonable overall cost and minimise the duplication of effort to ASX, Internal Audit will consider the work of other parties when scoping internal audit activities.

## **9 Quality assurance program and periodic assessment**

- 9.1 Internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit activities. This includes:

- internal assessments
- ongoing monitoring of the performance of internal audit activity, and
- periodic reviews performed through self-assessment or by other persons within the organisation with sufficient knowledge of internal audit practices.

The General Manager, Internal Audit will report on the results of the Internal Audit quality assurance program on a periodic basis.

The program also includes the review of the internal audit function by an external party on Internal Audit's effectiveness at least once every five years. This review will include an assessment of Internal Audit's conformance with the IIA Global Internal Audit Standards. The results of the review will be reported to the Audit and Risk Committee. The General Manager, Internal Audit will also report on an annual basis, the date of the last external review of the Internal Audit function and the due date for the next review. A determination to defer an external review must be recorded and approved by the Audit and Risk Committee.

## **10 Key Performance Indicators**

- 10.1 A set of Key Performance Indicators (KPIs) on Internal Audit function are agreed with the Chair of the Audit and Risk Committee and Chief Financial Officer. The KPIs are integrated into the Internal Audit quarterly report to Risk Committee, Audit and Risk Committee and the ASX Board.

## **11 Review of Charter**

- 11.1 The Internal Audit Charter will be reviewed annually by Internal Audit to ensure it remains consistent with Internal Audit strategy and objectives.
- 11.2 The results of the review will be presented to the Audit and Risk Committee, with any changes subject to approval by the Committee.

## **12 Publication**

- 12.1 A copy of this charter is available on the ASX website.