



## **Procedures Relating to Auditor Selection, Appointment and Lead Partner Rotation**

### **Assessment of performance**

The Centuria Capital Limited Audit, Risk & Compliance Committee (“the Committee”) charter requires the Committee to monitor the relationship with the internal and external auditors of Centuria Capital Limited (“Centuria”) and make recommendations to the Centuria Board (“the Board”) on the appointment and removal of external auditors, their terms of engagement; their independence and the scope and quality of the audit.

In order to do this the Committee will annually assess the external auditor, focusing particularly on:

- quality and rigour of the audit
- quality of the service provided, and
- the audit firm’s internal quality control procedures.

### **Assessment of independence**

The Committee will annually assess the relationships between the external auditor and the company to ensure maintenance of independence. Committee approval of all non-audit work proposed to be carried out by the external auditors is required prior to commencement of any such work.

### **Appointment of external auditor**

Should a change in auditor be considered necessary a formal tendering process will be undertaken. The Committee will make recommendations to the Board as to the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

The Committee shall ensure that prospective auditors have been provided with a sufficiently detailed understanding of the company, its operations, its key personnel and any other information, including group structures and financial statements, that will have a direct bearing on each firm’s ability to develop an appropriate proposal and fee estimate.

The Board shall consider the appointment in conjunction with senior management.

In selecting an external auditor, particular consideration shall be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the company’s needs and expectations.

### **Rotation and succession planning**

The Committee shall annually discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner and the overall succession plan in place regarding all professional staff assigned to the company’s audit. The

Committee shall make recommendations to the Board on the appropriateness of rotation and succession planning. The lead engagement partner was last rotated for the June 2003 full year audit and should not continue in that role for more than 5 consecutive years.

The Board shall satisfy itself on a regular, and at a minimum on an annual basis, that the audit firms' procedures regarding succession planning and lead engagement partner rotation are appropriate and will ensure an ongoing efficient and effective audit.