



# Audit and Risk Committee Charter

## 1. Introduction

- 1.1 The Chief Executive Officer of the National Indigenous Australians Agency (NIAA) has established the Audit and Risk Committee (the Committee) in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 Audit Committees for Commonwealth Entities.
- 1.2 This charter sets out the Committee's role, authority, responsibilities, composition and tenure, reporting, and administrative arrangements.

## 2. Role

- 2.1 The role of the Committee is to provide independent advice and assistance to the Chief Executive Officer and NIAA Executive on the appropriateness of NIAA's financial and performance reporting responsibilities, risk oversight and management, and system of internal control. This includes:
  - Financial reporting – including:
    - Reviewing the annual audited financial statements of NIAA, related management representations and recommending whether the statements are suitable for signing by the Chief Executive Officer; and
    - Reviewing the processes and systems for preparing financial information and NIAA's financial reporting as a whole.
  - Performance reporting – including reviewing performance information, systems and the framework for developing, measuring and reporting key performance indicators and NIAA's annual performance statement and performance reporting as a whole.
  - System of risk oversight and management – including NIAA's enterprise risk management framework and consistency with the Commonwealth Risk Management policy, as well as associated processes for effective identification and management of its risks (including risk of fraud and risks associated with individual projects, program implementation, and activities).
  - System of internal control – including consideration of NIAA's control framework, such as:
    - governance arrangements (for example whether NIAA has current Accountable Authority Instructions and delegations and business continuity management arrangements);
    - legislative and policy compliance (including PGPA and security certifications);
    - internal audit resourcing and coverage in relation to NIAA's key risks; and



- relevant parliamentary committee reports and external reviews, internal and ANAO audit reports, providing advice to the Chief Executive Officer about significant issues identified and the implementation of agreed actions.
- 2.2 The Committee is not responsible for the executive management of these functions. The Committee will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the Chief Executive Officer.
- 2.3 The NIAA's Corporate Group Portfolio will be responsible for delivering an internal audit program aligned with the Committee's guidance, organisational needs and subject to the approval of the Chief Executive Officer.

### 3. Authority

- 3.1 The Chief Executive Officer authorises the Committee, within its responsibilities, to:
- obtain any information it requires from any employee or external party (subject to any legal obligation to protect information)
  - discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
  - request the attendance of any official, including the Chief Executive Officer, at Committee meetings
  - obtain legal or other professional advice, as considered necessary to meet its responsibilities, at NIAA's expense, subject to approval by the Chief Executive Officer.

### 4. Membership

- 4.1 The Committee comprises three or four independent members appointed by the Chief Executive Officer. At least one NIAA Deputy Chief Executive Officer will be appointed as a Senior Advisor to the Committee..
- 4.2 The Chief Executive Officer will appoint the Chair of the Committee.
- 4.3 The Committee is authorised to appoint a Committee member to be Deputy Chair who will act as chair in the absence of the Chair.
- 4.4 The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Information Officer and Head of Internal Audit may attend meetings as observers, as determined by the Chair, but will not be members of the Committee.
- 4.5 Representatives from the Australian National Audit Office (ANAO) will be invited to attend all meetings of the Committee, as observers.
- 4.6 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of NIAA. At least one member of the Committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment. Members should have cultural awareness including:
- a. an understanding of the issues affecting Aboriginal and Torres Strait Islander peoples,
  - b. an ability to communicate sensitively and effectively with Aboriginal and/or Torres Strait Islander peoples;
- and



c. a willingness and commitment to continue to develop cultural competency.

4.7 Members will be appointed for an initial period not exceeding three years. Members may be re-appointed after a review of their performance, for a further period not exceeding two years, unless agreed to by the CEO.

## 5. Responsibilities of Committee Members

5.1 Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and Rules. Members are also expected to:

- act in the best interests of NIAA
- apply good analytical skills, objectivity and good judgement
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry, and
- contribute the time needed to review the papers provided and meet their responsibilities.

5.2 Committee members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the CEO.

## 6. Functions

6.1 Section 17(2) of the Public Governance, Performance and Accountability Rule 2014 (the Rule) establishes mandatory function for audit committees. The functions must include reviewing the appropriateness of the Agency's:

- financial reporting
- performance reporting
- system of risk oversight and management and
- system of internal control.

6.2 A detailed explanation of each function and a work plan will be developed annually and will be circulated to each Committee meeting.

## 7. Sub-committees

7.1 The Committee may establish one or more sub-committee/s to assist the full Committee in meeting its responsibilities.

7.2 The responsibilities, membership and reporting arrangements for each sub-committee shall be documented and approved by the full Committee. The Committee stipulates that:

- a member of the full Committee is appointed as Chair of the sub-committee; the membership of sub-committees could extend beyond members of the full Committee if additional expertise on particular matters is required
- minutes of all meetings of sub-committees are taken, distributed promptly to all members of the full Committee, and tabled for discussion at the next full Committee meeting, and



- important issues that may require consideration by the full Committee are brought to the attention of the Chair immediately following a sub-committee meeting so that the Chair is in a position to decide what action to take.

7.3 Audit Committee sub-committees should not assume any management functions nor should management exert inappropriate influence over the work of sub-committees.

#### **Financial Statements Advisor role**

7.4 The Committee has appointed a member of the Committee in an advisor role to oversee, review, report and advise the Committee on the planning, management and finalisation of the Department's annual financial statements and compliance assurance processes.

7.5 The Financial Statements Advisor will report to the Committee each meeting and out-of-session to the Committee Chair for any issue of significance that needs to be addressed.

## 8. Reporting

8.1 The Committee will report as often as necessary, and at least once a year, to the CEO on its operation and activities during the year including:

- financial reporting
- performance reporting
- system of risk oversight and management, and
- system of internal control.

8.2 The Committee may, at any time, report to the CEO any other matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the CEO.

## 9. Administrative Arrangements

### **Meetings**

9.1 The Committee will meet at least four times per year. Special meeting/s, in addition to the four regular meetings, may be held for other purposes as required.

9.2 The Chair is required to call a meeting if asked to do so by the CEO, and decide if a meeting is required if requested by another Committee member.

### **Planning**

9.3 The Committee will develop a forward meeting schedule that includes the dates, location and proposed agenda for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this charter.

### **Attendance at meetings and quorums**

9.4 A quorum will consist of two Committee members, with at least one Senior Advisor to be in attendance at all meetings.



## Secretariat

- 9.5 NIAA Corporate Group will provide secretariat support to the Committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, one week before the meeting, and ensure the minutes of the meeting are prepared and maintained. Minutes must be reviewed by the Chair as soon as practicable following the meeting.

## Conflicts of interest

- 9.6 Once each year, members of the Committee will provide written declarations to the Chair for provision to the CEO declaring any potential or actual conflicts of interest they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.
- 9.7 At the beginning of each Committee meeting, members are required to declare any potential or actual conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately minuted.

## Induction

- 9.8 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

## Assessment arrangements

- 9.9 The Chair of the Committee, in consultation with the CEO, will initiate a two yearly review of the performance of the Committee. The review will be conducted on a self-assessment basis (unless otherwise determined by the CEO) with appropriate input sought from the CEO, Committee members, senior management, the internal and external auditors, Chief Operating Officer, Chief Financial Officer, and any other relevant stakeholders, as determined by the CEO.
- 9.10 The Chair will provide advice to the CEO on an external member's performance where an extension of the member's tenure is being considered.

## Review of charter

- 9.11 The Committee will review this charter at least once per year. This review will include consultation with the CEO.
- 9.12 Any substantive changes to the charter will be recommended by the Committee and formally approved by the CEO.

