

Inquiry: Budget Estimates 2013-14

Date/Time: 29/5/13

Witness Name: Dr. Stein, Helge

Organisation: Dept. of Finance and Deregulation

**Division X.4—Audit committee for Commonwealth entities**

**X Audit committee for Commonwealth entities**

- (1) For subsection 45(2) of the Act, this section sets out requirements about how an audit committee for a Commonwealth entity must be constituted.
- (2) An accountable authority of a Commonwealth entity must:
  - (a) appoint one or more persons as members of the audit committee for the Commonwealth entity; and
  - (b) appoint a member of the committee as the Chair of the committee.
- (3) When appointing a person as a member of the audit committee, the accountable authority must have regard to:
  - (a) the Commonwealth entity's governance framework and assurance mechanisms; and
  - (b) the key risks to the Commonwealth entity, including risks relating to program delivery and implementation.
- (4) The accountable authority must also:
  - (a) be satisfied that each person to be appointed by the accountable authority has:
    - (i) appropriate skills and experience to carry out the audit committee's functions; and
    - (ii) the ability to advise the accountable authority about how the accountable authority can manage the key risks to the Commonwealth entity; and
  - (b) ensure, as far as practicable, that the audit committee includes at least one member who is not an official of the Commonwealth entity.
- (5) The accountable authority must give the audit committee terms of reference that include particulars of:
  - (a) the committee's functions; and
  - (b) the frequency of the committee's meetings; and
  - (c) the membership of the committee.
- (6) The accountable authority may add to, or vary, the functions of the audit committee, having regard to the matters mentioned in paragraphs (3)(a) and (b).
- (7) An audit committee may be the audit committee for more than one Commonwealth entity, and the accountable authorities of those Commonwealth entities may work out how the following things are determined:
  - (a) the Chair of the committee;
  - (b) the terms of reference mentioned in subsection (5);
  - (c) the functions mentioned in subsection (6).

*Alternative:*

- (7) An audit committee may be the audit committee for more than one Commonwealth entity. For that purpose, the accountable authority for one of those Commonwealth entities may:
  - (a) appoint a member as the Chair under paragraph (2)(b) in relation only to that Commonwealth entity; and
  - (b) give particular terms of reference under subsection (5) in relation only to that Commonwealth entity; and

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- (c) add to, or vary, the functions of the audit committee under subsection (6) in relation only to that Commonwealth entity.

*[Finance: What (7) doesn't do is let a particular accountable authority change the membership of the committee by adding members in relation only to that entity. As discussed, if the accountable authorities can't agree on a common membership of the Committee then presumably the entities won't pursue a shared committee.]*