

DEPARTMENT OF THE HOUSE OF REPRESENTATIVES

AUDIT AND RISK COMMITTEE

CHARTER

1. The Clerk of the House has established the Audit and Risk Committee in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and PGPA Rule section 17 Audit Committees for Commonwealth Entities.

Role

2. The role of the Audit and Risk Committee (the committee) is to provide independent assurance to the Clerk and Deputy Clerk on the Department of the House of Representatives' (the department's) financial and performance reporting responsibilities, risk oversight and management, and system of internal control.

Authority

3. The Clerk authorises the committee, in accordance with its role and responsibilities, to:
 - obtain any information it requires from any official or external party (subject to any legal obligation to protect information);
 - discuss any matters with the ANAO, or other external parties (subject to confidentiality considerations);
 - request the attendance of any official, including the Clerk, at committee meetings; and
 - obtain legal or other professional advice, as considered necessary to fulfil its role, at the department's expense, subject to the approval by the Clerk or delegate.

Membership

4. The committee will consist of two members of the Executive (SES Band 1), and three independent members.
5. The Clerk will appoint the Chair of the committee.
6. The Chief Finance Officer, the Engagement Partner and senior audit manager of the firm appointed as the internal auditor, and the ANAO may attend meetings of the committee as advisers or observers, but will not be members of the committee.

Responsibilities of members

7. Members of the committee, taken collectively, will have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions. Members are also expected to:
 - contribute the time needed to study and understand papers provided;
 - apply good analytical skills, objectivity and good judgment; and
 - express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

Functions

The functions of the committee include reviewing the appropriateness of the Clerk's financial reporting, performance reporting, system of risk oversight and management, and system of internal control. For each function, a number of specific responsibilities are listed for consideration by the committee.

8. Financial reporting:
 - review the financial statements and provide advice to the Clerk (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Clerk;
 - satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal controls;
 - review the processes in place designed to ensure that financial information included in the department's annual report is consistent with the signed financial statements; and
 - satisfy itself that the department has appropriate mechanisms in place to review and implement, where appropriate, relevant parliamentary committee reports and recommendations.
9. Performance reporting:
 - (a) review the department's systems and procedures for developing, measuring and reporting its performance measures that are used to assess the achievement of the objectives of its programs and its own operations;
 - (b) review the proposed reporting of the department's performance to ensure it is consistent with its reported financial information;
 - (c) satisfy itself that appropriate records of performance are maintained by the department; and
 - (d) review performance reporting and reach a view on the appropriateness, of the department's performance reporting as a whole, with reference to the Commonwealth's performance reporting framework.

10. Systems of risk oversight and management:

- review whether management has in place a current and comprehensive enterprise risk management framework, and associated procedures for effective identification and management of its financial and business risks, including fraud;
- satisfy itself that a sound and effective approach has been followed in managing the department's major risks including those associated with individual projects, program implementation, and activities;
- satisfy itself that management has assessed the impact of the department's enterprise risk management framework on its control environment and insurance arrangements;
- review the process of developing and implementing the department's fraud control arrangements and satisfy itself that the department has appropriate processes and systems in place to detect, capture and effectively respond to fraud risks;
- review reports on fraud from management that outline any allegations of significant or systemic fraud, the status of any ongoing investigations and any changes to identified fraud risk in the department; and
- periodically, but at least once every three years, commission an entity-wide assurance map that identifies the department's key assurance arrangements.

11. System of internal control

Internal control:

- review whether management's approach to maintaining an effective internal control framework, including in relation to functions performed by external parties such as contractors and advisers, is sound and effective;
- review whether management has in place relevant policies and procedures, including Accountable Authority Instructions, and that these are periodically reviewed and updated;
- satisfy itself that appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with;
- consider how the department identifies any required changes to the design or implementation of internal controls; and
- review whether the department has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.

Delegations:

- review whether appropriate policies and procedures are in place for the management and exercise of delegations and authorisations.

Business continuity management:

- review whether a sound and effective approach has been followed in establishing the department's business continuity planning arrangements,

including whether business continuity and disaster recovery plans have been tested and updated periodically.

Legislative compliance:

- determine whether the department has appropriately considered legal and compliance risks as part of its risk assessment and management arrangements; and
- review the effectiveness of the system for monitoring the department's compliance with relevant laws, regulations and associated policies.

Internal audit

- act as a forum for communication between the department and internal and external audit;
- be accountable to the Clerk for the efficient and effective operation of the internal audit function;
- review the proposed internal audit coverage and annual work plan, consider the department's risk management assessment, and recommend the annual and strategic internal audit plans;
- oversee the coordination of audit programs conducted by internal and external audit and other review functions;
- review all audit reports and provide advice to the Clerk on significant issues identified in audit reports and action taken on significant issues raised, including identification and dissemination of good practice;
- monitor implementation of internal audit recommendations;
- review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;
- periodically review the performance of internal audit; and
- recommend to the Clerk the appointment of the internal auditor.

12. External audit (ANAO)

- act as a forum for communication between the department and the ANAO;
- provide input and feedback on the financial statements and performance audit coverage proposed by the ANAO and provide feedback on the audit services provided;
- review all plans and reports in respect of planned or completed audits and monitor implementation of audit recommendations; and
- provide advice to the Clerk on action taken on significant issues raised in relevant ANAO audit reports and better practice guides.

Reporting

13. The committee will regularly, but at least once a year, report to the Clerk on its operations and activities during the year. The report should include:

- a summary of the work the committee performed to fully discharge its responsibilities during the preceding year;

- a summary of the department’s progress in addressing the findings and recommendations made in internal and external audit reports;
 - an overall assessment of the department’s risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the department; and
 - details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.
14. The committee may, at any time, report to the Clerk 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 Clerk.

Administrative arrangements

Meetings

15. The committee will meet at least four times per year. A special meeting may be held to review the department’s financial statements and performance statements or to meet other specific responsibilities of the committee.
16. The Chair is required to call a meeting if requested to do so by the Clerk, and decide if a meeting is required if requested by another committee member, internal audit or the ANAO.
17. A forward meeting plan, including meeting dates and agenda items, will be agreed by the committee each year. The forward meeting plan will cover all of the committee’s responsibilities as detailed in this charter.

Attendance at meetings and quorums

18. A quorum will consist of a majority of committee members. Where there is more than one external member on the committee, a quorum will include at least one external member.
19. A representative of the internal audit function, ANAO representatives and the Chief Finance Officer will be invited to attend each meeting, unless requested not to attend by the Chair of the committee. The committee may also request other departmental officers to attend committee meetings or participate for certain agenda items.
20. The Clerk may attend any committee meeting to participate in specific discussions or provide strategic briefings to the committee.

Secretariat

21. The Clerk will arrange for secretariat support. The Secretary will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one week before the meeting, and ensure the minutes of the meeting are prepared and maintained. Minutes must be approved by the Chair and

circulated within two weeks of the meeting to each member and committee observers, as appropriate.

Conflicts of interest

22. Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.
23. Where members or observers at the committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from committee deliberations on the issue where a conflict of interest exists.

Assessment arrangements

24. The committee will review its performance at least once every two years. The review will be conducted on a self-assessment basis with appropriate input sought from the Clerk, the Deputy Clerk, the internal auditors and the ANAO.

Review of charter

25. At least once a year the committee will review its charter. The review will include consultation with the Clerk and Deputy Clerk.
26. Any substantive changes to the charter will be recommended by the committee and formally approved by the Clerk.

Approved:

Claressa Surtees

Claressa Surtees
Clerk of the House

Date: 10.7.2020