

## Audit and Risk Committee Charter

### Introduction

1. The Clerk of the House has established the Audit and Risk Committee (Committee) in compliance with section 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
2. The objective of the Committee is to provide independent advice and assurance to the Clerk on the department of the House of Representatives' (the department's) financial and performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies.
3. The Committee is not responsible for the executive management of these functions. The Committee will engage with the department in a constructive and professional manner in discharging its responsibilities and formulating its advice to the department.

### Legislative basis

4. Subsection 17(2) of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) establishes mandatory functions for audit committees:

***Functions of the Audit Committee:***

(2) The functions must include reviewing the appropriateness of the accountable authority's:

- a) financial reporting; and
- b) performance reporting; and
- c) system of risk oversight and management; and
- d) system of internal control;

for the entity.

### Functions

5. Financial reporting:
  - Review the processes and systems for preparing financial reporting information.
  - Review the systems for financial record keeping.
  - Review the processes in place to ensure the department is appropriately informed throughout the year of any changes or additional requirements in relation to financial reporting and record keeping.
  - Review the annual financial statements and provide a statement to the Clerk assessing the materiality and appropriateness of the financial statements.

6. Performance reporting

- Review the department's systems and procedures for assessing, monitoring and reporting on its performance.
- Review the appropriateness of the department's performance measures to ensure they assess the achievement of the objectives of its programs and operations.
- Satisfy itself that appropriate records of performance are maintained by the department.
- Providing a statement to the Clerk about whether, in the Committee's view, the annual performance statements and performance reporting as a whole are appropriate, with reference to any specific areas of concern or suggestions for improvement and the Commonwealth's performance reporting framework.

7. Systems of risk oversight and management:

- Review whether management has a current and appropriate risk management policy framework and the necessary internal controls for the effective identification and management of the department's risks, in keeping with the Commonwealth Risk Management Policy.
- Satisfy itself that the department has assessed the impact of its enterprise risk management framework on its control environment and insurance arrangements.
- Review the approach to managing the department's key risks, including those associated with individual projects and program implementation and activities.
- Review the process of developing and implementing the department's fraud and corruption control arrangements consistent with the Commonwealth Fraud and Corruption Control Framework, and satisfy itself that the department has adequate processes for detecting, capturing and effectively responding to fraud and corruption risks, including reviewing the articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the department.
- Review reports on fraud and corruption that outline any allegations of significant or systemic fraud, the status of any on-going investigations, and make recommendations for any changes to improving fraud and corruption control within the department.
- Providing the department with advice as to whether the systems of risk oversight and management as a whole are appropriate and any identified areas of concern or suggestions for improvement.

8. System of internal control:

***Internal control framework:***

- Review the department's approach to maintaining an effective internal control framework, including in relation to functions performed by external parties such as contractors and advisers.
- Review whether the department has in place current and appropriate policies and procedures, including Accountability Authority instructions, and that they are being appropriately reviewed and updated.
- Review how the department identifies and implements required changes to the design or implementation of internal controls.
- Satisfy itself that appropriate mechanisms are in place to assess whether policies and procedures are being complied with.

- 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.
- Satisfy itself that delegations are appropriate and allow for the efficient and effective use of statutory authority across the department.

#### ***Legislative compliance***

- Determine whether the department has appropriately considered legal and compliance risks as part of its risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring the department's compliance with laws, regulations and associated government policies with which the department must comply.

#### ***Business Continuity Arrangements***

- 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 are in place, and have been tested and updated as appropriate.

#### ***Security compliance***

- Review the department's approach to maintaining an effective internal security system, through review of the department's maturity against the Protective Security Policy Framework.

#### ***External reports and reviews***

- Review the mechanisms for reviewing relevant reports, external reviews and evaluations of the department, and review the implementation of any resultant recommendations.

#### ***Internal audit coverage***

- Review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
- Review the proposed internal audit coverage and annual work plan, consider the department's risk management assessment, and make recommendations to the annual and strategic internal audit plans as required.
- Review all internal audit scopes and reports and provide advice to the department on any significant issues identified.
- Recommend action on significant matters raised, including identification and dissemination of information on good practice.
- Review the implementation of agreed actions relating to recommendations from internal audits.

### ***External audit***

- Review any Australian National Audit Office (ANAO) performance audits that relate to the department and provide advice to the department on any concerns identified.
- Review the implementation of agreed actions relating to recommendations from ANAO performance audits that relate to the department.
- Provide input and feedback on the financial statements and performance audit coverage proposed by the ANAO and provide feedback on the audit services provided.
- Provide advice to the Clerk on action taken on significant issues raised in relevant ANAO audit reports and better practice guides.

### ***Ethical and lawful conduct***

- Review the steps taken to embed a culture that promotes the proper use and management of public resources and commitment to ethical and lawful conduct.
- Assess whether the department has taken steps to embed a culture that promotes the highest level of integrity (in accordance with National Anti-Corruption Commission guidance).

## **Membership**

### 9. Members:

- Members of the Committee will be appointed by the Clerk.
- The Committee will consist of at least three members, with appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions.
- All the members of the Committee must be persons who are not officials of the department, and the majority of the members must be persons who are not officials of any Commonwealth entity.
- Membership of the Committee will be reviewed periodically (but at least every three years) by the department, with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.
- The Serjeant-at-Arms, Chief Finance Officer and other relevant departmental officers, representatives of the internal audit functions as required, and the ANAO may attend meetings of the Committee as regular advisors or observers but will not be members of the Committee.
- The Committee may request other departmental officials to attend Committee meetings or participate for specific agenda items.
- The Committee may request that officials of other departments attend meetings or participate for specific agenda items.

### 10. Chair of the Committee:

- The Clerk will appoint the Chair of the Committee. The Chair may nominate an Acting Chair to fulfill their duties, in the event of unavailability.
- In the event that the Chair is unavailable and unable to nominate a Deputy Chair, the Clerk may appoint an Acting Chair to fulfill the duties of the Chair for the meeting, or for a period of time, while the Chair is absent.

#### 11. Terms and tenure

- Members of the Committee will be appointed for an initial term of 12 months.
- Members of the Committee are eligible for reappointment up to a maximum continuous membership period of six years.
- A Committee member may resign in writing to the Clerk.
- The Clerk may terminate the membership of a member of the Committee by reason of:
  - misbehaviour or physical or mental incapacity of the member.
  - bankruptcy of the member, application by a member to take the benefit of any law for the relief of bankrupt or insolvent debtors.
  - consecutive absences from meetings, especially without notice.
  - failure to adequately perform their duties as a member of the Committee.
- The Clerk should seek the views of the Chair (or members if concerns relate to the performance of the Chair), if membership is to be terminated.

### Conduct of the Committee

#### 12. Members of the Audit and Risk Committee are expected to understand and observe the requirements of the PGPA Act and are also expected to:

- act in the best interests of the department
- apply appropriate skills, objectivity and judgement
- express opinions constructively and raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
- contribute the time required to meet their responsibilities
- not communicate, publicly release or disclose any information provided to them as a Committee member, unless it is done in the course of performing their functions on the Committee.

### Authority

#### 13. The Clerk authorises the Committee, in accordance with its functions, to:

- obtain any information it requires from any department 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.
- obtain legal or other professional advice, as considered necessary to fulfil its role, at the department's expense, subject to agreement by the department.

### Reporting

#### 14. The Committee Chair will report to the Clerk on the deliberations of the Committee and any other matter they deem of sufficient importance to do so.

#### 15. Minutes of Committee meetings will be circulated to the executive.

16. Annually, the Committee will report to the Clerk on its operation and activities during the year, including:

- 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.
- details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

17. Information about the Committee will be included in the department's annual report in accordance with PGPA Rule requirements, including:

- the Charter
- membership, including the names of members
- the number of meetings and member attendance at each meeting
- the qualifications, knowledge, skills and experience of each member
- the remuneration of each member.

## **Administrative arrangements**

18. Forward Work Plan

- As far as practicable, the Committee should indicate which matters it will consider during any given year in the Forward Work Plan, noting that it may consider other or additional matters in response to changes in the department's operations and environment.

19. Meetings

- It is anticipated that the Committee will meet at least four times a year, with meeting frequency driven by the requirements of the Committee's forward work plan. Special meetings may be held to review the department's annual financial statements and performance statements or to meet other specific responsibilities of this Committee under this Charter or under the PGPA Act.
- 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.
- A quorum will consist of a majority of committee members.
- Meetings will be held in person, or if members are not able to meet in person, online.

20. Secretariat:

- The department will provide secretarial support. The Secretary will support the Chair by providing a draft agenda based on the forward work plan for approval and will ensure it and supporting papers are circulated in advance of each meeting.

- The Secretary will take and distribute minutes, in a process agreed upon with the Chair.
- The Secretary will assist the Committee in maintaining lines of communication within the department, with the internal audit providers, and with the ANAO.

### **Conflicts of interest**

21. Once each year, members of the Committee will provide written declarations to the department declaring any material personal interests they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations.
22. At the beginning of each Committee meeting, members are required to declare any material personal interests that apply to specific matters on the meeting agenda. When required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if they should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s).
23. Details of material personal interests declared by the Chair and other members, and any actions taken, will be appropriately recorded in the minutes.

### **Assessment arrangements**

24. The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis with appropriate input sought from the Clerk, the internal auditors and the ANAO.
25. The Clerk may initiate an independent review of the Committee's performance at their discretion.

### **Charter review**

26. The Committee will review this Charter at the beginning of each calendar year. This review will include consultation with the Clerk.
27. Any substantive changes to the Charter will be recommended by the Committee, and subject to formal approval by the Clerk.

Approved:

Claressa Surtees  
*Clerk of the House*

Date: