



AUDIT COMMITTEE CHARTER

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

Responsibilities

The committee is responsible for providing independent assurance and assistance to the Secretary on the Department's financial and performance reporting responsibilities, risk oversight and management and systems of internal control.

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 Secretary.

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 best interests of the Department as a whole,
- 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 required to meet their responsibilities.

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 Secretary.

The Committee will be assisted by the Department's internal audit function that will be responsible for delivering an internal audit program in line with the Audit Committee's guidance, subject to its approval by the Audit Committee Chair. The internal audit program will be reviewed periodically by the Chief Internal Auditor and the Audit Committee Chair.

Authority

The Secretary authorises the committee, within its responsibilities, to:

- obtain any information it requires from any employee or external party (subject to any legal obligations to protect information),
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations),
- request the attendance of any employee, including the accountable authority, at committee meetings, and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities.

Membership

The Audit Committee will consist of at least five [5] members, appointed by the Secretary.

The Secretary will appoint the Chair of the committee.

The committee is authorised to appoint a Deputy Chair who will act as a chair in the absence of the Chair.

The Secretary, Chief Financial Officer, Chief Legal Officer, Chief Internal Auditor may attend meetings as observers, as determined by the Chair, but will not be members of the committee.

A representative of the ANAO will be invited to attend all meetings of the committee, as an observer.

Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Department. At least one member of the committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in the public sector environment.

Committee members will be appointed for an initial period not exceeding three years. Members may be re-appointed after a formal review of their performance, for a period not exceeding two years, unless otherwise determined by the Secretary.

Functions

In broad terms, the Audit Committee will review, monitor and, where necessary recommend improvements to the Department's:

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

The committee will detail the manner in which it plans to meet the above responsibilities in the Department's Audit Committee Forward Agenda.

In performing its responsibilities, the committee will provide a forum for communication between the Secretary, senior managers and the internal and external auditors of the department.

Sub-committees

The committee may establish one or more sub-committee/s to assist the full committee in meeting its responsibilities, in consultation with the Secretary.

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

Audit Committee sub-committees should not assume any management functions nor should management exert inappropriate influence over the work of sub-committees.¹

Reporting

The committee will as often as necessary, and at least once a year, report to Executive Board on its operation and activities during the year and confirm that all functions outlined in this Charter have been carried out.

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

Administrative arrangements

Meetings

The committee will meet at least four times per year. One or more special meetings may be held to review the Department's annual financial statements and performance statements or to meet other responsibilities of the committee.

The Chair is required to call a meeting if asked to do so by the Secretary, and decide if a meeting is required if requested by another member, internal or external audit.

Planning

The committee will develop an annual meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this Charter and the Audit Committee Forward Agenda.

Quorum

A quorum will consist of a majority of committee members. The quorum must be attendance at all times during the meeting.

Secretariat

Internal Audit will provide secretariat support to the committee. The secretariat will: ensure the agenda and supporting papers are circulated, at least one week before the meeting; and ensure the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated to committee members for approval.

Conflicts of interest

Once each year, members of the committee will provide written declarations, through the Chair, declaring any potential or actual conflicts of interest they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations.

¹ The Financial Statements Steering Committee has been established as a formal sub-committee of the department's Audit Committee.

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). The Chair is also responsible for deciding if he/she should excuse themselves 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 the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Induction

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

Assessment arrangements

The Chair of the committee, will undertake 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 committee members, senior management, the Chief Finance Officer, and any other relevant stakeholders as determined by the Secretary.

The Chair will provide advice to the Secretary on an external member's performance where an extension of the member's tenure is being considered.

Review of charter

At least once a year the committee will review this charter.

Any substantive changes to the charter will be recommended by the committee and formally approved by the Secretary.

With effect from the date of signing.

Approved



Dr Michele Bruniges AM

Secretary

27 September 2016