

Audit and Risk

Committee Charter

July 2024

v2.8

Document Information

**Version History**

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| Version | Issue Date | Author | Reviewers | Outcome of Review |
| v2.0 | Oct 2014 | Jennifer Clark | Audit and Risk Committee25 November 2014Board19 February 2015 | Endorsed and recommended for approval by the BoardApproved. |
| V2.1 | November 2015 | Jennifer Clark/Jason Whatley | Audit and Risk Committee27 November 2017 | Minor amendments – Approved by the Audit and Risk Committee |
| v2.2 | February 2017 | Jennifer Clark/ Stan Ahn | Audit and Risk Committee | Minor editorial changes. Noted by the Audit and Risk Committee at the 3 March 2017 meeting. |
| V2.3 |  | Jennifer Clark/ Stan Ahn | Audit and Risk CommitteeBoard20 June 2019 | Major changes to align with the Department of Finance Resource Management Guide 202 issued in December 2018Approved |
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| v2.5 | April/May 2021 | Jennifer Clark/ Stan Ahn | Audit and Risk Committee24 May 2021Board25 June 2021 | Changes to reflect amended PGPA Rule in relation to Committee Membership that applies from 1 July 2021Approved |
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**Ownership**

Enquiries regarding this document can be made to:

|  |  |
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| Name: | Chris Leahy |
| Position: | Chief Operating Officer |
| Email: | christopher.leahy@safetyandquality.gov.au  |
| Phone: | 02 9126 3600 |

**Document Location**

An electronic copy of this document is stored in the Commission’s electronic document management system at **TRIM 63319.**

**Date for Next Review**

This document will be reviewed annually.

**Introduction**

The Board has established an Audit and Risk Committee (the Committee) in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) section 17 *Audit Committee for Commonwealth Entities*.

Purpose

The Committee is a sub-committee of the Board of the Australian Commission on Safety and Quality in Health Care (the Commission). The Committee was established to assist the Board discharge its responsibilities under the *National Health Reform Act 2011* (NHR Act) and the PGPA Act on the appropriateness[[1]](#footnote-1) of the Commission’s financial reporting, performance reporting, the system of risk oversight and management, and the system 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 responsibilities and formulating its advice to the Board.

Authority

The Board authorises the Committee, in performing its functions, 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 Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations);

• request the attendance of any official, including members of the Board, at Committee meetings; and

• obtain legal or other professional advice at the Commission’s expense, as considered necessary to meet its responsibilities, subject to approval by the Board.

Membership

The Committee comprises three members, appointed by the Board who are not employees of the Commission. The members shall be Board members[[2]](#footnote-2) or external persons appointed at the Board’s discretion. Consistent with section 17(4) of the PGPA Rule, a majority of the members must be persons who are not officials of any Commonwealth entity.

The Board will appoint the Chair of the Committee who shall not be the Chair of the Board.

The Chair of the Board and other Board members may attend Committee meetings, and when they elect to do so, will be provided with copies of Committee papers.

The Chair of the Board, Chief Executive, Chief Operating Officer and other members of management may attend meetings as advisers or observers, as determined by the Chair, but will not be members of the Committee.

A representative(s) of the ANAO will be invited to attend meetings of the Committee, as an observer.

A representative(s) of the internal audit service provider will be invited to attend meetings of the Committee as an adviser.

Membership of the Committee will be reviewed periodically (at least every three years) by the Board 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 Committee members will keep abreast of contemporary developments and leading practices in relation to the Committee’s responsibilities and functions.

Functions

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| 1. Financial reporting
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| The Committee will review and provide written advice to the Board on the appropriateness of:1. the annual financial statements and their compliance with the PGPA Act, the PGPA Rule, and the Accounting Standards, and recommend the signing of the Financial statements by the Board
2. the Commission’s consolidated financial statements supplementary reporting pack
3. the Commission’s financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement
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| 1. Performance reporting
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| The Committee will review and provide written advice to the Board on the appropriateness of:1. performance information included in the Commission’s Portfolio Budget Statements and Corporate Plan
2. the Commission’s approach to measuring its performance throughout the financial year against its performance measures
3. the framework for developing and reporting performance information and the development of the annual performance statement
4. the Commission’s annual performance statement
5. the Commission’s performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement
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| 3. System of risk oversight and management |
| The Committee will review and provide written advice to the Board on the appropriateness of:* 1. the Commission’s enterprise risk management framework and associated internal controls for effective identification and management of its risks consistent with the Commonwealth Risk Management Policy
	2. the approach to managing the Commission’s major risks including those associated with individual projects, program implementation, and activities
	3. the Commission’s fraud and corruption control arrangements to detect, capture and effectively respond to fraud risks consistent with the Commonwealth Fraud and Corruption Control Policy, and review the appropriateness of the Fraud and Anti-Corruption Control Plan for its approval by the Board
	4. reports on fraud or corruption from management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in the Commission
	5. the Commission’s system of risk oversight and management as a whole, with reference to the Commonwealth Risk Management Policy and Commonwealth Fraud and Corruption Control Policy, referring to any specific areas of concern or suggestions for improvement.
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| 4. System of internal control |
| The Committee will review and provide written advice to the Board on the appropriateness of the Commission’s system of internal control by reference to the following items and advising of any specific areas of concern or suggestions for improvement:1. **internal control framework:**

i. review whether relevant policies and procedures are in place, including Accountable Authority Instructions, delegations, bullying or harassment policiesii. review whether there are appropriate processes to assess whether key policies and procedures are complied with1. **legislative compliance:** review the systems for monitoring compliance with those laws, regulations and associated government policies with which the Commission must comply including PGPA legislation, the NHR Act, *Public Service Act 1999, Work Health and Safety Act 2011* and the *Privacy Act 1998* including systems for monitoring non-compliance with finance law
2. **security compliance:** review management’s approach to maintaining an effective internal security system through reference to the Protective Security Policy Framework and ICT security arrangements
3. **ethical and lawful conduct:** assess whether management has taken steps to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct
4. **business continuity arrangements:** determine whether a sound and effective approach has been followed in establishing the Commission’s business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested
5. **parliamentary committee reports and external reviews:** satisfy itself that the Commission has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the Commission and reviewing the implementation of any resultant recommendations.
6. **Procurement and contract management:**
	* Review the Commission’s procurement framework, including procurement risks and internal procurement controls.
	* Review major procurements and key contracts due for extension or replacement and the plans for extension or replacement taking into account the Commonwealth Procurement Rules.
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| 5. Internal audit |
| The Committee will:1. review the proposed internal audit coverage, ensure the coverage takes into account the Commission’s key risks, and endorse the annual internal audit plan and internal audit budget for approval by the Board.
2. monitor management’s coordination of the programs conducted by internal audit and other assurance functions
3. review all audit reports noting the major issues identified during the audit and the actions management has agreed to take to address the issues
4. monitor management’s implementation of internal audit recommendations
5. review and approve the internal audit charter to ensure appropriate authority, access and reporting arrangements are in place
6. review the performance of the internal audit service provider
7. in consultation with management, review and approve the appointment, replacement or dismissal of the internal audit services provider
8. meet privately with the Internal Auditors at least once per year
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| 6. Engagement with the ANAO |
| The Committee will:1. review ANAO performance audits of the Commission and monitor the implementation of audit recommendations
2. monitor management’s responses to all ANAO financial statement closing letters including the implementation of audit recommendations
3. satisfy itself that the appropriate mechanisms are in place to review and implement, where appropriate, issues raised in relevant performance audits of other Commonwealth agencies
4. meet privately with ANAO at least once per year
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| 7. Other |
| The Committee will:1. undertake other activities related to its responsibilities as requested by the Board
2. initiate and oversee special investigations as considered necessary
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 **Authority of the committee**

All decisions of the Committee shall be recommended to the Board for approval, other than:

* the Internal Audit Charter; and
* the appointment, replacement or dismissal of the internal audit service provider.

Reporting

The Committee will regularly update the Board on its activities through provision of a report of the Committee’s meetings and make recommendations to the Board, as appropriate.

Any matter deemed of sufficient importance will be reported to the Chair of the Board immediately by the Chair of the Committee

The Committee will at least annually report to the Board on its operation and activities and confirm to the Board that all functions and responsibilities outlined in this charter have been satisfactorily addressed. The Committee will comply with any other reporting requirements specified by the Board from time to time.

Administrative arrangements

Meetings

The Committee will meet at least four times per year. One or more special meetings may be held to review the Commission’s annual financial statements, the annual performance statements or to meet other responsibilities of the Committee.

All Committee members are expected to attend each meeting, in person or via tele-or-video conference.

The Chair is required to call a meeting if asked to do so by the Board, and decide if a meeting is required if requested by another member, internal auditors or the ANAO.

Planning

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

Quorum

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

Secretariat

Secretariat arrangements will be the same as for the Board. The secretariat will: ensure the agenda for each meeting is approved by the Chair; 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 forwarded in a timely manner to the Chair and Committee members for review and provided to Committee advisers and observers at the next meeting of the Committee.

Conflicts of interest

Once each year, members of the Committee will provide written declarations 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 and senior management, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each committee meeting, members are required to declare any material personal interests 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). Should the Chair declare a material personal interest, the other members will decide if he/she should be excused from the meeting or from the Committee’s consideration of the relevant agenda item(s). Details of material personal interests 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 initiate a self-assessment of the performance of the Committee at least once every two years. The review will involve input from each Committee member, senior management, internal auditors and any other relevant stakeholders, as determined by the Committee. The results of the assessment will be advised to the Board.

Review of charter

The Committee will review this charter at least once a year and recommend to the Board for approval.

1. Department of Finance Resource Management Guide 202 *A Guide for Corporate Commonwealth entities on the role of audit committees* advises that ‘appropriateness’ has its ordinary meaning of ‘suitable or fitting for a particular purpose’. [↑](#footnote-ref-1)
2. Department of Finance Resource Management Guide 202 *A Guide for Corporate Commonwealth entities on the role of audit committees* advises that Non-executive board members are not considered employees. [↑](#footnote-ref-2)