



**AIATSIS**

---

# **Audit and Risk Committee Charter**

May 2021

### Document Control

|  |   |
|--|---|
| <b>Managed by:</b><br>Executive Support Unit     | <b>Responsible position:</b><br>Secretariat |
| <b>Date approved:</b><br>21 July 2021 by Council | <b>Next review date:</b><br>May 2022        |

### Document Location

The master document is located on the X: drive within the Audit and Risk Committee folder.

### Summary of Changes

| Version | Version Date      | Nature of Change           | Policy Owner           |
|---------|-------------------|----------------------------|------------------------|
| 1.0     | 16 September 2020 | Annual review              | Executive Support Unit |
| 1.1     | 20 May 2021       | Annual review (no changes) | Executive Support Unit |

### Reviewers

This document will be reviewed annually by:

| Reviewers Name/Role |                          |
|---------------------|--------------------------|
| Chairperson         | Audit and Risk Committee |

### Approvers

This document will be endorsed annually by:

| Approvers Name/Role |                 |
|---------------------|-----------------|
| Chairperson         | AIATSIS Council |

## Preamble

1. The Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) is governed by the AIATSIS Council.
2. The Audit and Risk Committee (ARC) is integral to good governance and a valuable source of independent advice for the accountable authority of a Commonwealth entity.

## Establishment

3. The *Public Governance, Performance and Accountability Act 2013* (PGPA), requires that accountable authorities of Commonwealth entities ensure that their entity has an audit committee (subsection 45(1) and that committee is constituted and performs functions in accordance with any requirements prescribed by the associated rules (subsection 45(2)). The AIATSIS Council is the accountable authority at AIATSIS and the ARC reports to Council.

## Functions

4. Section 17 (2) of the *Public Governance, Performance and Accountability Rule 2014* (the PGPA Rule) establishes mandatory functions for audit committees. These mandatory functions include reviewing the appropriateness of AIATSIS's financial reporting, performance reporting, system of risk oversight and management, and system of internal control.
5. This Charter is principles based with an accompanying annual work plan detailing the activities the Committee will undertake in acquitting its functions. The Charter and annual work plan are approved by the AIATSIS Council.

### a. financial reporting

The Committee will provide written advice to the AIATSIS Council regarding the appropriateness of AIATSIS's financial reporting as it relates to annual financial statements. This will include review of AIATSIS's annual financial statements, including planning, assurance, risks, key accounting policies, significant accounting judgements and estimates, for preparation of the financial statements and supplementary reporting pack. The Committee will consider any issues which may prevent the signing of the AIATSIS's financial statements or relate to non-compliance with relevant legislation and guidance.

### b. performance reporting

The Committee will provide written advice to the AIATSIS Council regarding the appropriateness of the AIATSIS's performance reporting including the annual performance statement. This will include review of the AIATSIS's performance reporting framework, including compliance with relevant legislation and guidance, being fit for purpose and supported by appropriate systems, processes and controls to report results completely and accurately. It will also include consideration of the AIATSIS's approach for developing appropriate measures against which AIATSIS assesses its performance.

**c. system of risk oversight and management**

The Committee will provide written advice to the AIATSIS Council on the appropriateness of the AIATSIS's system of risk oversight and management, including compliance with relevant legislation and guidance. This will include review of the AIATSIS's Risk Management Framework, Fraud Control Framework, Business Continuity and Disaster Recovery Plans, and consideration of the effectiveness of management's processes to identify and manage key risks, including those related to fraud.

**d. system of internal control**

The Committee will provide written advice to the AIATSIS' Council on the appropriateness of the AIATSIS's system of internal control. Based on the results of AIATSIS's Internal Audit Plan, this will include review of key elements of the AIATSIS's internal control framework, such as relevant policies and procedures, internal controls, and processes for monitoring the effectiveness of key controls and compliance with relevant policies and legislation. It will also include review of internal audit coverage, reporting and remedial action taken by management.

6. The AIATSIS Council (supported by AIATSIS officials) has responsibility for the appropriateness of AIATSIS's financial reporting, performance reporting, system of risk oversight and management, and system of internal control.

## **Membership**

7. The ARC must consist of at least 3 persons, appointed by the AIATSIS Council. The following persons must not be a member of the ARC
  - (i) The Chair of the AIATSIS Council
  - (ii) The Chief Financial Officer
  - (iii) The Chief Executive Officer
8. All members of the audit committee must be persons who are not employees of the entity. A person employed or engaged primarily for the purpose of being a member of the audit committee is to be treated, for the purposes of subsection 4(AA) as not being an official or employee of AIATSIS.
9. The AIATSIS Council will appoint a Chair and Deputy Chair of the ARC. The ARC Chair may be a member of the AIATSIS Council, but not the AIATSIS Council Chair. The Deputy Chair will act as chair in the absence of the Chair.
10. Members will be appointed by the Council for an initial period of two years. Members may be re-appointed for two further periods of two years, subject to review of their performance by the AIATSIS Council.
11. Membership of the ARC will be reviewed periodically by the AIATSIS Council with the aim of ensuring an appropriate balance between continuity of membership and the contribution of fresh perspectives.
12. Members of the ARC will have appropriate qualifications, knowledge, skills and experience to contribute to the functions of the ARC. At least one member of the ARC

must have accounting or related financial management experience or qualifications, with a comprehensive understanding of accounting and auditing standards.

## **Sub-committees**

13. The ARC may establish sub-committees to support the performance of its functions. Such sub-committees will be chaired by a member of the ARC. The establishment of sub-committees does not change the functions of the ARC under this Charter.
14. The responsibilities and membership for such sub-committees will be approved by the ARC. Minutes will be taken of sub-committee meetings and distributed to the ARC.

## **Independence**

15. The ARC is directly responsible and accountable to the AIATSIS Council for the performance of its functions.
16. The ARC has an oversight, review and advisory role to enable the committee to provide independent assurance and advice. It has no executive powers or decision-making authority, unless delegated to it by the AIATSIS Council.

## **Engaging with stakeholders**

17. The ARC will engage with and work cooperatively with the internal audit function, other Officials<sup>1</sup> of AIATSIS and the ANAO, in discharging their advisory responsibilities and formulating its advice to the AIATSIS Council.

## **Conflicts of Interest**

18. The ARC is to comply with AIATSIS's Conflict of Interest Policy in disclosing and managing interests declared by its members.
19. Members of the ARC are required to provide written declarations to the AIATSIS Council of any material personal interests they have in relation to their responsibilities.
20. At the start of each meeting, members will notify the ARC of any material personal interest they have in relation to matters to be discussed as part of the agenda. Where required by the ARC Chair, a member will excuse themselves from the meeting or discussions about the matter.

## **Authority**

21. The responsibilities of the ARC may be revised or expanded from time to time in consultation with or as requested by the AIATSIS Council.

---

<sup>1</sup> Officials as defined by the PGPA Act

22. In performing its functions, the ARC is authorised to:

- a) seek any information it requires from any AIATSIS official, consultant or external party (subject to any legal obligations to protect information);
- b) discuss any matters with the external auditor (subject to confidentiality considerations);
- c) discuss with Council Chair and obtain approval to obtain external legal or other independent professional advice as considered necessary to meet its responsibilities; and
- d) as appropriate, request any AIATSIS official to attend ARC meetings to observe, participate in specific discussions or provide strategic briefings.

## Meetings

23. The ARC will meet at least **four times per year**, and more often if required. Special meetings may be held to review AIATSIS's annual financial statements and performance statements or to meet other specific responsibilities of the ARC.

24. Members may attend meetings in person or via telephone or video conference.

25. The Chair will call a meeting if requested to do so by the AIATSIS Council. The Chair may call a meeting if requested by another ARC member.

26. A quorum for any meeting of the ARC will be the Chair or Deputy Chair and two other members.

27. If required, external and internal auditors are to be given the opportunity of meeting privately with the ARC.

28. At the ARC Chair's discretion, AIATSIS officials<sup>2</sup> and consultants, and external parties (external or internal audit) may attend meetings (in whole or part) as observers.

## Observers and advisors

29. Attendance of senior managers of the entity or representatives of the ANAO and internal audit at Audit Committee meetings is for the purpose of explaining specific developments, concerns or projects.

30. Observers and advisors are not members of the committee and thus do not have a decision-making role on the committee.

## Planning

31. As far as is practicable, the ARC will indicate the matters it will consider during any given year in a forward meeting schedule (the ARC Work Plan). The ARC Work Plan will include compliance with the requirements of this Charter and cover all of the

---

<sup>2</sup> Officials include AIATSIS employees and staff made available to AIATSIS by its portfolio department under section 62 of the AIATSIS Act.

responsibilities of the ARC (including as outlined in this Charter) and is approved by the AIATSIS Council.

32. Meeting dates and agenda items will be agreed by the ARC each year, noting that it may consider other or additional matters in response to changes in AIATSIS's operations and environment.
33. A program of induction will be available for new members to assist them in meeting their commitments as a member of the ARC.

## **Secretariat**

34. AIATSIS will provide services to the ARC including drafting the agenda, preparation and distribution of papers for the ARC meetings, preparation of minutes and follow up of outstanding action items.
35. Papers will be sent out to members at least five working days prior to the scheduled meeting.

## **Reporting**

36. The ARC will regularly update the AIATSIS Council on its activities and make recommendations to the AIATSIS Council, as appropriate.
37. Following each meeting, the Chair will report to the AIATSIS Council at its next meeting. The Chair will report any matter considered of sufficient importance to the AIATSIS Council Chair immediately.
38. As often as necessary and at least **once a year**, the ARC will report to the AIATSIS Council on its activities during the year.
39. At any time, a member of the ARC may request a meeting with the AIATSIS Council.
40. The ARC will provide the AIATSIS Council Chair and the AIATSIS Council (where appropriate), with responses to inquiries on matters pertaining to its functions.
41. A copy of this Charter, along with information about the membership of the ARC including:
  - (i) the names of the members;
  - (ii) their qualifications, knowledge, skills or experience;
  - (iii) their attendance at meetings; and
  - (iv) remuneration;will be included as part of AIATSIS's annual report.<sup>3</sup>

---

<sup>3</sup> PGPA Rule 17BE(taa).

## **Review**

42. The AIATSIS Council will initiate a review of the performance of the ARC at least once every two years.
43. The ARC will review this Charter annually. Any substantive changes to this Charter will be recommended by the ARC and subject to approval by the AIATSIS Council.