



## Audit and Risk Committee Charter

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### 1. Introduction

- 1.1 The Chief Executive Officer has established the Audit and Risk Committee (the Committee) in accordance with section 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- 1.2 The objective of the Committee is to provide independent advice and assurance to the Chief Executive Officer (the CEO) on the National Anti-Corruption Commission (the Commission) accountability and control framework, including independently verifying and safeguarding the integrity of the Commission's financial and performance reporting.

### 2. Legislative functions of audit committees

- 2.1 Subsection 17(2) of the *Public Governance, Performance and Accountability Rule 2014* (the 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;*

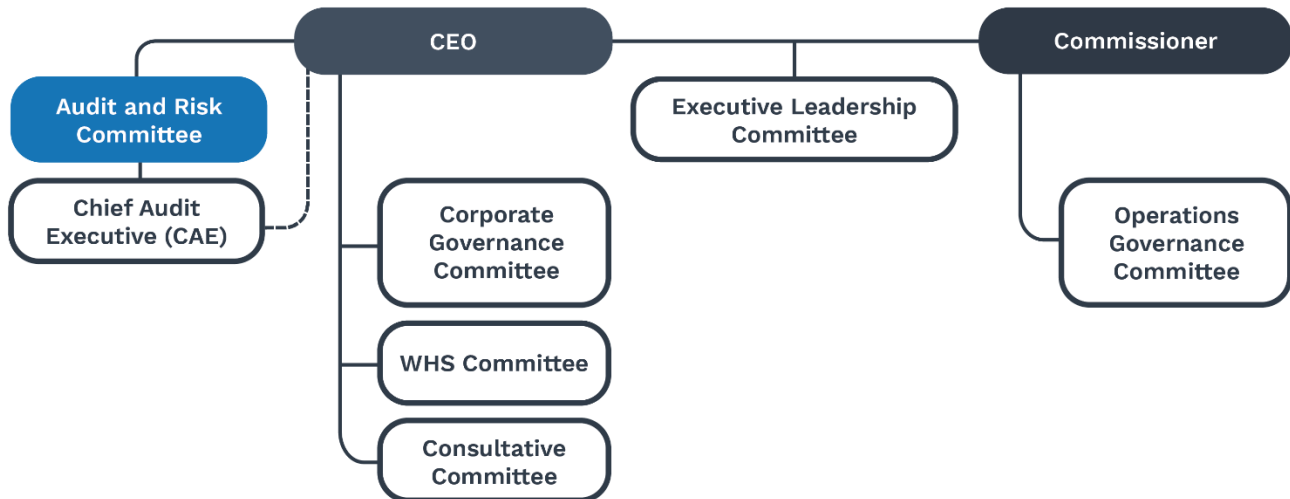
*for the entity.*

### 3. Audit and Risk Committee functions

- 3.1 Consistent with subsection 17(1) of the Rule, the CEO has determined that the functions of the Committee are to review and give independent advice about the appropriateness of the Commission's financial reporting, performance reporting, system of risk oversight and management, system of internal control and additional functions as stipulated in this Charter.

- 3.2 The below diagram outlines the Governance structure of the Commission including the reporting lines of the Committee and Chief Audit Executive.

### Governance framework



### 3.3 Financial reporting

- Reviewing the processes and systems for preparing financial reporting information
- Reviewing systems for financial record keeping
- Reviewing the processes in place to ensure the Commission is informed throughout the year of any changes or additional requirements in relation to financial reporting
- Reviewing the annual financial statements and providing a statement to the CEO assessing the materiality and appropriateness of the financial statements
- Reviewing information (other than annual financial statements) requested by Department of Finance in preparing the Australian Government's consolidated financial statements, including the supplementary reporting package.

### 3.4 Performance reporting

- Reviewing the systems and procedures for assessing, monitoring and reporting on achievement of the Commission's performance. In particular focusing on:
  - The Commission's Portfolio Budget Statements and corporate plan
  - The approach to measuring performance throughout the financial year against performance measures
  - Ensuring appropriate systems and processes are in place for preparing performance statements and inclusion of the statements in the annual report
- Reviewing the annual performance measures and providing advice to the CEO
- Providing a statement to the CEO about whether, in their 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.

### 3.5 System of risk oversight and management

- Reviewing whether management has a current and appropriate enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the entity's risks, in keeping with the Commonwealth Risk Management Policy
- Reviewing the approach to managing the Commission's key risks – including those associated with individual projects and program implementation and activities
- Reviewing the process of developing and implementing fraud control arrangements consistent with the fraud control framework, and satisfying itself that the Commission has adequate processes for detecting, capturing and effectively responding to fraud risks, including reviewing the articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the entity
- Providing a statement to the CEO about whether in their view the system of risk oversight and management as a whole is appropriate and any specific areas of concern or suggestions for improvement.

### 3.6 System of internal control

- Internal control framework:
  - Reviewing management's approach to maintaining an effective internal control framework
  - Reviewing whether management has in operation current and appropriate policies and procedures.
- Legislative and policy compliance:
  - Reviewing the effectiveness of systems for monitoring compliance with laws, regulations and associated government policies with which the entity must comply
  - Determining whether management has adequately considered legal and compliance risks as part of the Commission's enterprise risk management framework, fraud control framework and planning
  - Reviewing the Commission's mechanisms for compliance with the requirements of specific legislative requirements that are applicable to its activities, in particular the requirements of the *National Anti-Corruption Commission Act 2022* and *National Anti-Corruption Commissioner Regulations 2023*.
- Security compliance:
  - Reviewing management's approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework.
- Internal audit coverage:
  - Reviewing the proposed internal audit coverage, ensuring the Commission's enterprise risks are considered, and endorsing the internal audit plan for approval by the CEO or the nominated delegate
  - Reviewing all internal audit reports, providing advice to the CEO on major concerns identified in those reports, and recommending action on significant matters raised, including identification and dissemination of information on good practice.

- Providing a statement to the CEO on whether the system of internal control is appropriate for the entity, with reference to any specific areas of concern or suggestions for improvement.

## **4. Additional functions of the Audit and Risk Committee**

### **4.1 Business continuity:**

- Satisfying itself that an appropriate approach has been taken in establishing business continuity planning arrangements – including whether business continuity have been periodically updated and tested.

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

- Assess whether the CEO 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.

### **4.3 Parliamentary committee reports, external reviews and evaluations:**

- Satisfying itself that the Commission has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the Commission and implementing, where appropriate, any resultant recommendations.

## **5. Authority**

- 5.1 The Committee will have unrestricted access to the information it considers necessary to discharge its duties, including access to records, data and reports.
- 5.2 The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities.
- 5.3 The Commission's managers and staff should cooperate with the Committee's requests.

## **6. Conduct of the Audit and Risk Committee**

- 6.1 The Committee provides independent advice and assurance to the CEO as the accountable authority.
- 6.2 The Committee has no executive powers in relation to the operations of the Commission. The Committee may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the CEO accordingly.
- 6.3 Responsibility for the appropriateness of the Commission's financial reporting, performance reporting, system of risk oversight and management, and system of internal control rests with the CEO and officials of the Commission.
- 6.4 The CEO authorises the Committee, within the scope of its functions, to:
  - obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
  - discuss any matters with the external auditor, internal audit service providers or other external parties (subject to confidentiality considerations and their legal obligation to protect information)
  - request the attendance of any employee at Committee meetings.

- 6.5 Subject to the CEO's approval, obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Commission's expense.
- 6.6 The Committee will conduct itself in the spirit of the Commission's values and codes of conduct.

## **7. Administrative arrangements**

### **Appointment of members**

- 7.1 Consistent with subsection 17(4) of the Rule, the CEO will appoint at least three committee members who are not officials of the Commission, and are not officials of any Commonwealth entity.
- 7.2 Committee members will be appointed for an initial period determined by the CEO. Members may be re-appointed at the CEO's discretion. The CEO may conduct a review into a member's performance before re-appointment, including consulting other committee members, the secretariat, other employees, and external auditor, internal audit service providers or other external parties. To ensure continuity within the Committee, the appointment of members should be staggered.
- 7.3 Consistent with subsection 17(3) of the Rule, the members, taken collectively, will have a broad range of knowledge, skills and experience relevant to the operations of the Commission, including sufficient knowledge of audit, finance, IT, law, governance, risk and control.
- 7.4** All members must be conversant with financial management reporting and at least one member of the Committee must have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of accounting and auditing standards.

### **Orientation and Training**

- 7.5 Committee members will receive formal orientation training on the purpose and mandate of the committee and on the Commission's objectives.
- 7.6 Committee members will receive regular presentations from General Managers on the functions and key activities of the Commission to assist them in their understanding of the Commission's work.

### **Remuneration**

- 7.7 Payment rates for committee members will be established formally in member's contracts.
- 7.8 Committee members may be reimbursed for travel and committee-related expenses.

### **Observers**

- 7.9 Employees of the Commission and employees of the ANAO will not be members of the Committee. The Commission's Chief Audit Executive, Chief Operating Officer, Chief Financial Officer, Director – Governance as well as representatives of the ANAO, will attend as observers unless otherwise determined by the Committee.
- 7.10 Other employees of the Commission may receive notice of and may attend any meeting as observers (in whole or in part) as invited by the Chair.

- 7.11 General Managers will be invited to attend meetings as observers on a rotating basis and will deliver a presentation providing an update on the functions of their branch.
- 7.12 Representatives of external providers of internal audit services will not be members of the Committee but may attend relevant Committee meetings (in whole or in part) as observers as determined by the Chair.
- 7.13 The Committee may meet separately with both the internal and external auditors.
- 7.14 The Inspector of the Commission, the CEO, Commissioner and Deputy Commissioners may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

### **Forward Work Plan**

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

### **Meetings**

- 7.16 It is anticipated that the Committee will meet four times per financial year, with meeting frequency driven by the requirements of Committee's forward work plan. Special meetings may be held to review the Commission's annual financial statements and performance statements or to meet other specific responsibilities of this Committee under this Charter or under the PGPA Act.
- 7.17 The Chair will call a meeting when requested to do so by the CEO, and may call a meeting if requested by another Committee member.
- 7.18 Meeting agendas will be established from the Forward Work Plan, in consultation with the Chair, Committee members and senior management.
- 7.19 A quorum for any Committee meeting will be two members. In the absence of the Chair, a temporary Chair will be appointed by either the current Chair or the CEO.

### **Secretariat**

- 7.20 The CEO will provide resources for secretariat support to the Committee. The secretariat is responsible for circulating the agenda and supporting papers for each meeting at least one week before the meeting.
- 7.21 Minutes must be approved by the Chair, for inclusion in the next meeting's papers for endorsement by the Committee.

## **8. Relationships**

- 8.1 The Secretariat assists the Committee in maintaining lines of communication with the CEO, Commission employees, the internal audit provider and any external audit providers, as required.
- 8.2 The Chair will report to the CEO in writing after each meeting. Any matter of sufficient importance will be reported to the CEO directly after the meeting.
- 8.3 A report on the Committee's functions and activities over the year will be provided annually to the CEO.

8.4 The Chair may meet with the CEO after meetings or as required.

## 9. Conflicts of interest

9.1 Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Members with a conflict of interest will notify the Committee and the Secretariat as soon as it becomes apparent.

9.2 Any member with a conflict of interest will absent themselves from discussions about relevant matters. Details of any conflicts of interest and the action taken by the affected member to absent themselves from the discussion must be appropriately recorded.

## 10. Reviewing and assessing committee performance

10.1 The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. This review should re-evaluate members' competencies and the overall balance of skills to ensure the committee can respond to emerging needs. The outcomes of this assessment will be reported to the CEO.

10.2 The CEO can initiate an independent review of the Committee at their discretion.

## 11. Review of the Charter

11.1 The Committee will review this Charter prior to the beginning of each financial year. This review will include consultation with the CEO.

11.2 Any substantive changes to the Charter will be recommended by the Committee and subject to formal approval by the CEO.

### Audit and Risk Committee Charter



Mr Philip Reed  
Chief Executive Officer

Approval date: 21/06/2024

