

Audit Committee Charter



safe work australia

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Document revision

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February 2013	1.1	Minor amendments
May 2014	1.2	Minor amendments
January 2015	1.3	Minor amendments in accordance with PGPA Act
April 2015	1.4	Revisions in accordance with the <i>ANAO Better Practice Guide 2015</i>
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Introduction

The Chief Executive Officer (CEO) has established the Safe Work Australia Audit Committee (the Committee) in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

This Charter sets out the role and responsibilities of the Committee, including its objective, authority, membership, functions, reporting and administrative arrangements.

Objective

The objective of the Committee is to provide independent advice and assurance to the CEO in relation to the Agency's operations (see the Committee's functions under 'Role and functions').

Authority

The CEO authorises the Committee, within the scope of its role and functions, to:

- obtain any information it needs from any employee or external party (subject to any legal obligation to protect information)
- discuss any matter with the Australian National Audit Office (ANAO) or another external party (subject to confidentiality considerations)
- request the attendance of any employee, including the CEO, at Committee meetings, and
- obtain external legal or other professional advice as considered necessary to meet its responsibilities, at the Agency's expense, subject to approval of the expenditure by the CEO or their delegate.

Membership

The Committee will consist of at least three members appointed by the CEO. The majority of members of the Committee will be independent of the Agency, as required by the PGPA Rule.

The members must have an appropriate mix of qualifications, knowledge, skills and experience to assist the Committee to perform its functions. At least one member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

The CEO will appoint the Chair of the Committee.

The Committee is authorised to appoint a Deputy Chair who will act as the Chair in their absence.

Members will be appointed for an initial period of three years. Any extension of a member's tenure on the Committee will be approved by the CEO after they have made an assessment of the member's performance as a Committee member.

The CEO, Chief Finance Officer (CFO) and any internal audit provider engaged by the Agency must not be members of the Committee, but may attend meetings as advisers or observers as agreed by the Chair.

A representative of the ANAO will be invited to attend meetings as an observer, unless the Chair requests otherwise.

The Committee is authorised to establish one or more sub-committees to assist it in meeting its responsibilities.

Role and functions

The Committee's functions include reviewing the appropriateness of the following reporting and systems the CEO has for the Agency:

- financial reporting

- performance reporting
- the system of risk oversight and management, and
- the system of internal control.

The Committee may also undertake other functions as requested by the CEO, including to review the Agency's:

- internal audit function
- governance arrangements
- responses to relevant parliamentary committee reports, external reviews and evaluations, and
- portfolio responsibilities.

The Committee is not responsible for the management of these functions.

Committee members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed to by the CEO.

1. Financial reporting

The Committee will review and provide advice to the CEO on the appropriateness of:

- annual financial statements
- processes and systems for preparing financial reporting information
- processes in place to allow the Agency to stay informed throughout the financial year of any changes or additional requirements in relation to financial reporting.

2. Performance reporting

The Committee will review the Agency's systems and procedures for assessing, monitoring and reporting on the achievement of the Agency's performance, including information provided in the Corporate Plan, the Portfolio Budget Statements and annual performance statement. In particular, the Committee will review and provide advice on whether:

- the Agency's Portfolio Budget Statements and Corporate Plan include appropriate details of how the Agency's performance will be measured and assessed
- the Agency's approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is appropriate and in accordance with the Commonwealth performance framework
- the Agency has appropriate systems and processes in place for the preparation of its annual performance statement and the inclusion of the statement in its annual report, and
- the Agency's annual performance statement is appropriate.

3. Systems of risk oversight and management

The Committee is required to review the Agency's systems of risk oversight and management, which will involve the Committee gaining an understanding of the risk appetite and operating environment of the Agency.

The Committee will review and provide advice on the appropriateness of:

- the enterprise risk management policy framework and associated internal controls for effective identification and management of the Agency's risks, in keeping with the Commonwealth Risk Management Policy
- the approach to managing the Agency's key risks, including those associated with individual projects and program implementation and activities
- the process of developing and implementing the Agency's fraud control arrangements consistent with the fraud control framework and satisfy itself that the Agency has adequate processes to detect, capture and effectively respond to fraud risks
- the Agency's risk management capability, and
- communication about key roles, responsibilities and authorities relating to risk management and adherence to them by officials of the Agency.

4. Systems of internal control

The Committee is required to review and advise on the appropriateness of the systems of internal control for the Agency. This involves gaining a sufficient understanding of the Agency's governance requirements and operational context.

Internal control framework

The Committee will:

- review management's approach to maintaining an effective internal control framework and whether there are appropriate processes in place for assessing compliance with key policies and procedures, and
- review whether management has implemented relevant policies and procedures, such as Accountable Authority Instructions, delegations, a business continuity management plan, or bullying and harassment policies.

Legislative and policy compliance

The Committee will:

- review the effectiveness of systems for monitoring the Agency's compliance with laws, regulations and associated government policies with which the Agency must comply, and
- determine whether management has adequately considered legal and compliance risks as part of the Agency's enterprise risk management framework, fraud control framework and planning.

Security compliance

- The Committee will review management's approach to maintain an effective internal security system—including complying with the Protective Security Policy Framework—and ICT security policy.

Internal audit coverage

The Committee will:

- review the proposed internal audit coverage, ensure the coverage takes into account the Agency's primary risks and recommend approval of the Internal Audit Work Plan by the CEO, and
- review all internal audit reports and provide advice to the CEO on major concerns identified in those reports, and recommend action on significant matters raised, including identification and dissemination of information on good practice

Reporting

The Committee will regularly, and at least once a year, provide a written statement to the CEO on the following:

Financial reporting

The Committee will provide a statement to the CEO:

- As to whether the annual financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance.
- As to whether additional Agency information (other than financial statements) required by Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance.
- In respect to the appropriateness of the Agency's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

The Committee will provide a statement to the CEO:

- As to the appropriateness of the Agency's annual performance statements and performance reporting as a whole. The statement should note whether the Agency has complied with the PGPA Act and Rule, with reference to any areas of concern or suggestions for improvement.

Systems of risk oversight and management review

The Committee will provide a statement to the CEO:

- As to the appropriateness of the Agency's systems for risk oversight and risk management as a whole, with reference to the Commonwealth Risk Management Policy and any specific areas of concern or suggestions for improvement.

Systems of internal control

The Committee will provide a statement to the CEO:

- As to the appropriateness of the Agency's systems for internal control, with reference to any specific areas of concern or suggestions for improvement.

Other functions

In addition to the four mandatory functions, the CEO may decide the Committee should undertake some or all of the following additional functions:

Business continuity

The Committee will satisfy itself that an appropriate approach has been taken in establishing the Agency's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

Ethical and lawful conduct

The Committee will 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.

Parliamentary committee reports, external reviews and evaluations

The Committee will satisfy itself that the Agency has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the Agency and implementing, where appropriate, any resulting recommendations.

Other

The Committee will undertake other activities related to its role and responsibilities as requested by the CEO.

The Committee may, at any time, report to the CEO any other matter it deems of sufficient importance to do so. In addition, at any time a Committee member may request a meeting with the CEO.

Responsibilities of members

Members of the Committee are expected to understand and observe the requirements of the PGPA Act, the PGPA Rule and relevant supporting guidelines and policies.

Members are expected to:

- act in the best interests of the Agency as a whole
- contribute the time needed to understand the papers provided
- apply good analytical skills, objectivity and good judgement, and
- express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry.

Administrative arrangements

Meetings

The Committee will meet at least three times per year. A special meeting may be held to review the Agency's annual financial and performance statements.

The Chair is required to call a meeting if requested to do so by the CEO or another Committee member.

A forward work plan including meeting dates and agenda items will be agreed by the Committee each year. The forward work plan will cover all of the Committee's responsibilities as detailed in this Charter.

All matters for discussion will be proposed formally through the submission of papers to the Committee meetings or out-of-session with the agreement of the Chair. The Chair may allow discussion of further matters at their discretion.

Attendance at meetings and quorums

A quorum will consist of a majority of Committee members.

Meetings can be held in person, by telephone or by video conference. An internal audit provider and the ANAO may be invited to attend each meeting, unless the Chair requests otherwise. The Committee may also request the CFO or other employees attend Committee meetings or participate for certain agenda items.

The CEO may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

Secretariat

The Corporate and Member Services section will undertake the secretariat function, providing administrative support to the Committee. The section will ensure the agenda for each Committee meeting and supporting papers are circulated, after approval from the Chair, at least one week before the meeting. The section will also ensure the minutes of Committee meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within two weeks of each Committee meeting to each Committee member, adviser and observer, as appropriate.

Conflicts of interest

Once a year Committee members will provide written declarations to the CEO of potential or actual conflicts of interest that would preclude them from being members of the Committee.

Committee members must declare any conflicts of interest in relation to an agenda item or topic to be discussed at a Committee meeting, at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest must be recorded in the meeting minutes.

Where members or observers at Committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from Committee deliberations on the issue where a conflict of interest exists. The Chair may decide that they must not attend the meeting or part of the meeting, because they have a real or perceived conflict of interest.

Induction

New members will receive briefings from the CEO and the Chair of the Audit Committee to assist them to meet their Committee responsibilities.

Assessment arrangements

The CEO, as supported by the Corporate and Member Services section and in consultation with the Chair of the Committee (if requested), will undertake a review of the performance of the Committee at least once every two years. The review will be conducted with appropriate input sought from internal and external auditors, the Agency's senior management and any other relevant stakeholders, as determined by the CEO.

Review of Charter

At least once a year the Committee will review this Charter, in consultation with the CEO.

Any substantive changes to the Charter must be endorsed by the Committee and formally approved by the CEO.