



Audit and Risk Committee Charter

OBJECTIVE

The Audit and Risk Committee will provide independent advice to the Coordinator-General on the appropriateness of the National Drought and North Queensland Flood Response and Recovery Agency's (the Agency): financial and performance reporting; risk oversight and management; internal control environment; and governance arrangements (including code of conduct).¹ The Audit and Risk Committee should also provide advice that enhances the Agency's current approach to these arrangements.

AUTHORITY

The Coordinator General authorises the Audit and Risk Committee to obtain information from, hold discussions with, or request presentations by any official, external party or the external auditors, as it deems necessary to fulfil its objective.

The Audit and Risk Committee has no executive management responsibilities.

The Agency will meet reasonable expenditure in relation to legal or professional advice, provided the Chair of the Audit and Risk Committee first consults with the Chief Operating Officer on the level of anticipated expenditure.

MEMBERSHIP

The Audit and Risk Committee will comprise of a minimum of four external members, appointed by the Coordinator General, one of which will perform the role of Chair. Members shall be appointed for an initial term of approximately three (3) years. Members may be re-appointed for further periods, at the discretion of the Coordinator General.

Composition of the Audit and Risk Committee will be reviewed by the Coordinator General to ensure the appropriate balance of skills, knowledge and experience. The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Agency, including experience in:

- Legislative and financial management;
- Risk and performance management;
- Primary production; and
- Commonwealth/State grants programs and/or concessional loan administration.

¹ Consistent 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).





Individual Responsibilities of Audit and Risk Committee Members

Members of the Audit and Risk Committee are expected to understand and observe the legal requirements of the PGPA Act and Rule. Members are also expected to:

- Have a sound understanding of the Agency's functions, objectives and operational context;
- Act objectively and in the best interests of the Agency;
- Express opinions constructively and openly, raise issues that relate to the Audit and Risk Committee's responsibilities and pursue independent lines of enquiry; and
- Contribute the time required to adequately consider the papers provided.

RESPONSIBILITIES AND FUNCTIONS

Financial Reporting

- Review the appropriateness of the financial statements and provide advice to the Coordinator General on matters including compliance with the PGPA framework and accounting standards;
- Review whether there is a current and comprehensive financial reporting framework and associated procedures for effective internal control (including appropriate management sign-offs), management responses to audit recommendations and adjustments, and compliance with relevant accounting standards, laws or regulations; and
- Review the annual financial statements and recommend signing of the financial statements by the Coordinator General.

Performance Reporting

- Satisfy itself that the Agency's performance information and measurement is relevant, reliable and complete;
- Consider the appropriateness, with reference to the Commonwealth's performance reporting framework, of the processes that the Agency has in place for the preparation of its Annual Performance Statement and the inclusion of the statement in its annual report; and
- Provide advice to the Coordinator General about the appropriateness of the Agency's performance information.

System of Risk Oversight and Management

- Satisfy itself that management has in place a current and comprehensive risk management framework and that this is appropriate for the Agency's operating context and aligns with the *Commonwealth Risk Management Policy*;
- Determine whether the risk management framework has been utilised in managing the Agency's major risks and identifying the prospect of emerging risks, including



those associated with individual projects, program implementation, legal obligations and other business process activities;

- Consider the impact of the Agency's culture and performance management on risk management outcomes (and internal control); and
- Review the adequacy and performance of the Agency's fraud control arrangements and enquire of management, the internal auditor and the external auditor whether they are aware of any actual, suspected or alleged fraud or corruption affecting the Agency's and how they responded to such instances.

System of Internal Control

Internal control framework

- Provide advice to the Coordinator General on the adequacy and effectiveness of the internal control framework, including in regard to the Agency's complying with relevant laws, regulations and associated government policies;
- Review whether the Agency's approach to maintaining an effective internal control framework is sound and effective, including for critical business processes, grant and loan administration, contract management, business continuity, delegations, and lawful conduct;
- Review the Agency's assurance arrangements to assess whether planned activities provide sufficient comfort that key obligations, policies and procedures are complied with, and to identify gaps or inefficiencies in assurance activities; and
- Review the adequacy and performance of the Agency's protective security arrangements (Governance, Information Security, Physical Security and Personnel Security).

Audit and evaluation

- Consider the proposed internal audit coverage for alignment with the Agency's key risks, and provide advice on the appropriateness of the Annual Work Plan to the Coordinator General;
- Review audit reports tabled at Audit and Risk Committee meetings, and provide advice to Coordinator General on significant issues identified and proposed action to be taken;
- Monitor management's implementation of audit recommendations;
- Review internal audit's annual report on the overall state of the Agency's internal controls;
- Provide advice to the Coordinator General on the quality of internal audit's products and advice, to assist with the Coordinator General's assessment of internal audit; and
- Meet privately with the Internal and External Auditors at least once per year.





REPORTING

The Audit and Risk Committee will report to the Coordinator General annually on its operation and activities during the year to confirm to the Coordinator General that all responsibilities and functions outlined in this charter have been satisfactorily addressed.

This will be in the form of an annual written statement outlining the Audit and Risk Committee's view of the appropriateness of the Agency's financial reporting, performance reporting, system of internal control and risk oversight and management, with reference to the responsibilities and functions outlined in this charter.

The Audit and Risk Committee may, at any time, report to the Coordinator General any other matter it deems of sufficient importance to do so. In addition, at any time an individual Audit and Risk Committee member may request a meeting with the Coordinator General.

ADMINISTRATIVE ARRANGEMENTS

Meetings

The Audit and Risk Committee will meet at least four times per year. Special meeting(s) may be convened, at the Chair's discretion, in consultation with the Coordinator General, to discuss any matter deemed sufficiently significant.

The Chair is authorised to appoint a Deputy Chair, who will act as chair when required.

The Chair is required to call a meeting if asked to do so by the Coordinator General.

Meeting attendance by non-members

The Agency's Coordinator General, Chief Operating Officer (COO), Chief Financial Officer (CFO), internal auditor and external auditor will attend and participate in meetings as observers. The Audit and Risk Committee may, at its discretion, deal with particular issues or agenda items with none, some or all of the invitees listed in this paragraph. The Audit and Risk Committee may also ask such invitees to absent themselves from particular discussions.

Planning

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

Quorum

A quorum will consist of three Audit and Risk Committee members. The quorum must be in place at all times during the meeting.



Secretariat

The Secretariat function is managed by the COO. The Secretariat will:

- ensure the agenda for each meeting is approved by the Coordinator General and Chair;
- ensure that the agenda and supporting papers are circulated, at least one week before the meeting;
- ensure the minutes of the meetings are prepared and maintained; and
- follow-up on actions agreed during the meeting.

Minutes must be reviewed by the Chair, and circulated in a timely manner to each member.

Conflicts of Interest

Once each year, at the last Audit and Risk Committee meeting of the calendar year, members will provide written declarations through the Chair, to the Coordinator General, 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 and the Coordinator General, 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 Audit and Risk 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 Audit and Risk Committee's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately minuted.

Induction

New members will receive relevant information and briefings on the business and operations of the Agency to assist them to meet their Audit and Risk Committee responsibilities. Should the Department of Finance institute an audit and risk learning program it would be expected that members of the Agency's ARC would participate in such a program.

Assessment arrangements

The Chair of the Audit and Risk Committee, in consultation with the Coordinator General, will initiate a review of the performance of the Audit and Risk Committee biennially. The review will be conducted on a self-assessment basis (unless otherwise determined by the Coordinator General) with appropriate input sought from the Coordinator General, Audit and Risk Committee members, and any other relevant stakeholders, as determined by the Coordinator General.



Review of charter

The Audit and Risk Committee will review this charter at least once per financial year. Any changes to the charter will be recommended by the Audit and Risk Committee, and formally approved by the Coordinator General.

Annual Report Disclosures

The following information shall be disclosed in the Agency's Annual Report: membership of the Audit and Risk Committee; qualifications, skills and experience of each member; details of each members attendance at meetings; and remuneration of each member.

Version Control

No.	Approval Date	Approver	Description	Preparer / Owner	Next Review
1	30 Jun 2019	CEO	Draft charter to reflect released IIA Guide and Department of Finance Guidance, APRA Prudential Inquiry into the CBA and Model Charters.	CFO	Nov 2020
2	28 Jan 2020	CG	Update to reflect new Agency terminology.	CFO	Nov 2020