

PARLIAMENTARY COUNSEL

Office Procedural Circular No. 2.7 Audit Committee Charter

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Part 1—Introduction

Background

1 First Parliamentary Counsel (*FPC*) has established the Audit Committee in compliance 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)*.

Membership of Committee

2 The Committee consists of three members: one OPC member and two independent members appointed by FPC. With effect from 1 July 2021, all of the members must be persons who are not officials of OPC and a majority of members must be persons who are not officials of any Commonwealth entity (see subsection 17(4) of the PGPA rule).

3 The OPC member must be a person other than FPC or the Chief Financial Officer (see subsection 17(5) of the PGPA rule which deals with who must not be a member of an audit committee).

4 FPC will appoint the Chair of the Committee.

5 The OPC member will hold office for a maximum of 2 years. The appointment of an independent member will be for 2 years with an option for 2 extensions of a further 2 years each to be agreed between FPC and the independent member.

6 Any member of the Committee can approach FPC on any matter relevant to the functions of the Committee.

7 In accordance with subsection 17(3) of the PGPA rule, audit committee members must have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions. All members, taken collectively, will have a broad range of skills and experience relevant to the operations of OPC. 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.

Observers and advisors

8 The General Manager, Corporate and the Chief Financial Officer (or their representatives) may attend meetings as observers, or participate in meetings at the request of the Chair of the Committee.

9 OPC's ANAO Audit Manager will be invited to attend each meeting, unless requested not to do so by the Chair of the Committee. Others, for example the internal auditor, may attend Committee meetings by invitation.

Part 2—Functions of Committee

Functions

10 The functions of the Audit Committee include the functions set out in subsection 17(2) of the PGPA rule which deal with reviewing the appropriateness of FPC's:

- (a) financial reporting; and
- (b) performance reporting; and
- (c) system of risk oversight and management; and
- (d) system of internal control;

for OPC.

11 More specifically, the functions of the Audit Committee include:

- (a) reviewing processes and systems for preparing financial reporting information; and
- (b) reviewing processes in place to stay informed throughout the year of any changes or additional requirements in relation to financial reporting; and
- (c) reviewing OPC's financial statements; and
- (d) reviewing systems and procedures for assessing, monitoring, verifying and reporting the achievement of OPC's performance; and
- (e) reviewing the annual performance statements; and

- (f) responsibilities for risk management set out in paragraph 14; and
- (g) approving annual internal audit plan of OPC; and
- (h) reviewing all audit reports including the identification and dissemination of good practices; and
- (i) reviewing the effectiveness of systems of monitoring OPC's compliance with laws, regulations and government policy; and
- (j) reviewing management's approach to maintaining an effective internal control framework and whether processes are in place for assessing compliance with key policies and procedures.

Risk management

12 In many agencies, the Audit Committee has the role of a risk and fraud committee. However, given the size of OPC and the nature of its work, the Senior Management Team (*SMT*) has the role of a risk and fraud committee. The SMT is responsible for developing, implementing and managing OPC's risk management framework, and associated procedures for effective identification and management of OPC's financial and business risks, including fraud.

13 On a regular basis, the SMT reviews OPC's risk management policy, strategy and plan, the impact of OPC's risk management framework on its control environment and insurance arrangements, OPC's business continuity planning arrangements, OPC's fraud control plan, and related processes and systems.

14 The Audit Committee's responsibilities include:

- reviewing whether the identified risks and treatments are consistent with the Committee's understanding of OPC's operating context and the Committee's experience in risk management;
- reviewing the process of developing and implementing the Fraud Control Plan and satisfying itself that OPC has adequate processes for detecting, capturing and effectively responding to fraud risks; and
- satisfying itself that the OPC's Business Continuity Management Plan has been periodically updated and tested.

15 Any member of the Audit Committee can raise with FPC any risks they see as having an impact on OPC.

Deliverables

16 The Committee will provide advice to FPC on the Committee's ongoing monitoring of the internal audit plan and the appropriateness of OPC's financial reporting; performance reporting; system of risk oversight and management; and system of internal control; after the September meeting each year. The Secretariat will draft the document for discussion and approval at the September meeting.

17 The Chair of the Committee will provide a written or verbal update to FPC after each meeting.

Part 3—Administrative arrangements

Annual Work Plan

18 Each year the Committee will prepare a forward work plan that outlines the meeting schedule, agenda items and the activities to be undertaken to ensure the Committee achieves the functions of its Charter.

Induction for new members

19 The Secretariat will provide new members with a package of corporate information including governance policy documents, Internal Audit plan, ANAO Financial Statement documents and Committee minutes and a briefing from FPC on their appointment to assist them to meet their Committee responsibilities.

Meetings

20 The Committee will meet at least four times a year. The Committee will meet at such times as the Chair of the Committee considers necessary or as FPC requests.

21 A quorum consists of 2 members. The quorum must be in place at all times during the meeting.

22 Meeting dates and agenda items will be agreed by the Committee members.

Secretariat

23 The General Manager, Corporate will be the Secretariat for the Committee and arrange:

- secretariat support to the Committee; and
- the circulation of the agenda and supporting papers for each meeting, after approval by the Chair of the Committee; and
- the circulation of the agenda and supporting papers one week before the meeting, where practicable; and
- the preparation of minutes of each meeting; and
- the circulation of the minutes to each member and attendees, as appropriate, as soon as practicable after they have been approved by the Chair of the Committee, and
- maintenance of the register of members.

Assessing Committee performance

24 The Chair of the Committee in consultation with FPC, will undertake a review of the performance of the Committee at least every two years. The review will be undertaken on a self-assessment basis with appropriate input sought from FPC, Committee members, senior management, internal audit, the ANAO and any other relevant stakeholders, as determined by FPC.

Review of Charter

25 The Committee will review this Charter in consultation with FPC at least once a year. Any substantive changes will be recommended by the Committee and formally approved by FPC.

Peter Quiggin
First Parliamentary Counsel
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Document History		
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Note: Before May 2017, this OPC was Office Procedural Circular No. 61.