

PARLIAMENTARY COUNSEL

Office Procedural Circular No. 2.7 Audit and Risk Committee Charter

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Part 1—Introduction

Background

1 First Parliamentary Counsel (***FPC***) has established the Audit and Risk 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 independent (external) members appointed by FPC. As per subsection 17(4) of the PGPA rule, all Audit and Risk Committee 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.

3 FPC will appoint the Chair of the Committee. Independent (external) members are appointed for a minimum three year term. Membership should be reviewed after this to ensure ongoing independence (maximum term is 10 years).

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

5 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

6 The Chair may approve any OPC officer attending a Committee meeting or meetings as an observer or participant.

7 OPC's ANAO audit representative 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

8 The functions of the Audit and Risk Committee include the functions set out in subsection 17(2) of the PGPA rule which deal with reviewing and giving independent advice regarding the appropriateness of FPC's:

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

for OPC.

9 More specifically, the functions of the Audit and Risk Committee include reviewing:

- (a) processes and systems for preparing financial reporting information;
- (b) processes in place to stay informed throughout the year of any changes or additional requirements in relation to financial reporting;
- (c) OPC's financial statements;
- (d) systems and procedures for assessing, monitoring, verifying and reporting the achievement of OPC's performance;
- (e) the annual performance statements;
- (f) responsibilities for risk management set out in paragraph **Error! Reference source not found.0**;
- (g) annual internal audit plan of OPC;

- (h) all audit reports including the identification and dissemination of good practices;
- (i) the effectiveness of systems of monitoring OPC's compliance with laws, regulations and government policy; and
- (j) 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

- 10 The Committee will review and provide advice of the appropriateness of OPC's:
- (a) risk management policy framework and the necessary internal controls for the effective identification and management of the agency's risks, in accordance with the Commonwealth Risk Management Policy;
 - (b) approach to managing the agency's key risks;
 - (c) process for developing and implementing the agency's fraud control arrangements consistent with the Commonwealth Fraud Control Framework, and satisfy that the agency has adequate processes for detecting, capturing and effectively responding to fraud risks; and
 - (d) articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the agency.

Deliverables

11 The Committee will provide advice to the 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.

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

Part 3—Administrative arrangements

Annual Work Plan

13 Each year the Committee will endorse 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

14 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

15 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.

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

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

Secretariat

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

- secretariat support to the Committee;
- the circulation of the agenda and supporting papers for each meeting, after approval by the Chair of the Committee;
- the circulation of the agenda and supporting papers one week before the meeting, where practicable;
- the preparation of minutes of each meeting;
- 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

19 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

20 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.

Meredith Leigh

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