



Risk and Audit Committee Charter

Introduction

1. This Charter describes the functions of the Aged Care Quality and Safety Commission's Risk and Audit Committee (Committee).
2. The Committee is appointed by the Aged Care Quality and Safety Commissioner (the Commissioner), the Commission's accountable authority.
3. As far as practicable, the Committee should indicate which matters it will consider during any given year in a forward work plan, noting that it may consider other or additional matters in response to changes in the Commission's operations and environment. The forward work plan forms part of and should be read in conjunction with the Charter.
4. The Committee is required to provide written advice to the Commissioner with regards to the appropriateness of its functions.

Legislative functions of audit committees

5. The functions of the Committee comply with Section 17(1) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) which establishes mandatory functions for Audit Committees.
6. The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) requires accountable authorities of Commonwealth entities to ensure that their entity has an audit committee (subsection 45(1)) and that committee is constituted and performs functions in accordance with any requirements prescribed by the associated rules (subsection 45(2)).
7. Under the PGPA Rule, the accountable authority of a Commonwealth entity must determine the functions of the entity's audit committee by written charter (subsection 17(1)). Under subsection 17(2) these functions must include reviewing the appropriateness of the accountable authority's:
 - financial reporting
 - performance reporting
 - system of risk oversight and management
 - the system of internal control, for the entity.

Committee functions

Financial reporting

- 8.** The Committee will review the appropriateness of the Commission's systems and processes for financial reporting. The Committee will review:
- compliance with the mandatory requirements of the PGPA Act, the PGPA Rules and the Accounting Standards
 - annual financial statements
 - information requested by the Department of Finance in preparing the Australian Government's consolidated financial statements, including the supplementary reporting package
 - processes and systems for preparing financial reporting information
 - financial record keeping
 - processes in place to allow the Commission to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.
- 9.** The Committee will provide a statement to the Commissioner regarding: whether, in its view, the annual financial statements and additional entity information comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance; and in respect of the appropriateness of the entity's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

- 10.** The Committee will review the Commission's systems and procedures for assessing and reporting the achievement of the Commission's performance. The Committee will review the performance statements and provide advice to the Commissioner.
- 11.** In performing this function, the Committee will satisfy itself that:
- the Portfolio Budget Statements and corporate plan contain appropriate details of how the Commission's performance will be measured and assessed
 - the Commission'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 Commission has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report
 - the proposed annual performance statement is not inconsistent with the Commission's financial information, including its financial statements, which it proposes to include in its annual report.
- 12.** The Committee will provide a statement to the Commissioner regarding whether, in its view, the accountable authority's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

Risk oversight and management

- 13.** The Committee will review and provide advice on the appropriateness of the Commission's:
- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the Commission's risks, in keeping with the Commonwealth Risk Management Policy
 - approach to managing the Commission's key risks, including those associated with individual projects and program implementation and activities
 - process for developing and implementing the Commission's fraud control arrangements consistent with the fraud control framework, and satisfy itself that the Commission has adequate processes for detecting, capturing and effectively responding to fraud risks
 - articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the Commission.
- 14.** The Committee will provide a statement to the Commissioner regarding whether, in its view, the Commissioner's system of risk oversight and management is appropriate (with reference to the Commonwealth Risk Management Policy) and any specific areas of concern or suggestions for improvement.

System of Internal control

- 15.** The Committee will:
- Internal control framework
 - review the Commission's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing whether key policies and procedures are complied with
 - review whether the Commission has in operation relevant policies and procedures – such as accountable authority instructions, delegations, a business continuity management plan, or bullying and harassment policies.
 - Legislative and policy compliance
 - review the effectiveness of systems for monitoring the Commission's compliance with laws, regulations and associated government policies with which the Commission must comply
 - determine whether Commission has adequately considered legal and compliance risks as part of its enterprise risk management framework, fraud control framework and planning.
 - Compliance
 - review the Commission's approach to maintaining an effective internal security system (including complying with the Protective Security Policy Framework).
 - review the process for communicating the Code of Conduct to employees and contractors and for monitoring compliance therewith.

- Internal audit coverage
 - review the proposed internal audit coverage, ensuring that the coverage considers the Commission’s primary risks, and recommending the Commissioner’s approval of the internal audit work plan
 - review all internal audit reports (and where relevant external audit reports), providing advice to the Commissioner on major concerns identified in those reports, and recommending action on significant matters raised – including identification and dissemination of information on good practice.
 - review the adequacy of internal audit resources and budget to carry out its responsibilities
 - monitor management’s implementation of internal audit recommendations
 - periodically meet privately with the Chief Internal Auditor
 - obtain an annual report from the Chief Internal Auditor, or the outsourced internal audit service provider, on the overall state of the Agency’s internal controls
 - coordinate, to the extent possible, the work program of internal audit and other assurance or review functions
 - consider the effectiveness of the internal audit function and provide recommendations to management and the Commissioner on any improvements needed
 - Administration
 - The Committee will provide input to the Commissioner on the appointment of an internal audit service provider where any part of the internal audit function is outsourced or co-sourced.
 - The Committee will undertake other activities related to its responsibilities as requested by the Commissioner.
- 16.** The Committee will provide a statement to the Commissioner regarding whether the system of internal control is appropriate, with reference to any specific areas of concern or suggestions for improvement.

Conduct of the Committee

Membership

- 17.** The Committee will consist of at least three and not more than five members appointed by the Commissioner, including a Chair and Deputy Chair. The members must be independent and must not be officers of the Commission. A majority of members must be people who are not officials of any Commonwealth entity.
- 18.** All new members must be provided with an induction pack and complete any necessary familiarisation, training and security requirements prior to their second meeting.
- 19.** Committee members, taken collectively, should have a broad range of skills and experience relevant to the operations of the Commission. 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. A skills matrix is maintained to identify the range of skills held by members and the Committee as a whole.
- 20.** The Commissioner and other management representatives may attend meetings as advisers or observers, as determined by the Chair. Representatives from the ANAO and providers of internal audit services may attend relevant Committee meetings (in whole or in part) as guests, as determined by the Chair.
- 21.** The Chief Internal Auditor, Chief Financial Officer and Chief Risk Officer, or the person acting in such role, will be invited to attend each meeting.

- 22.** Committee members may be re-appointed at the end of their term but cannot remain on the Committee for a period longer than nine years.
- 23.** Representatives from the ANAO and providers of internal audit services are not permitted to be Committee members.

Conflict of interest

- 24.** Once each year Committee members will provide written declarations, through the Chair, to the Commissioner declaring any material personal interests they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations. The Commissioner, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.
- 25.** In addition, at the beginning of each meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. The Chair will determine the extent of any conflict and can require the member be excused from the meeting or from the Committee's consideration of the relevant agenda items.
- 26.** The Chair is responsible for deciding, in consultation with the Commissioner where appropriate, if he/she should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda items on the grounds of perceived or real conflict of interest. Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Engaging with stakeholders

- 27.** The Commissioner authorises the Committee, in accordance with its role and responsibilities, to:
- obtain any information it requires from any official or external party (subject to any legal obligation to protect information from unauthorised use or disclosure)
 - discuss any matters with the ANAO, or other external parties, subject to confidentiality considerations
 - request the attendance of any official at Committee meetings
 - obtain legal or other professional advice, as considered necessary to fulfil its role, at the Commission's expense, subject to approval by the Commissioner.

Administrative arrangements

- 28.** The Committee will meet at least four times per year, and more often if required. Special meetings may be held to review the Commission's annual financial statements and performance statements, or to discharge other specific Committee functions. Meetings may be virtual or in person at the Commission's offices. The Chair will call a meeting if requested to do so by the Commissioner and may call a meeting if requested by another Committee member.
- 29.** A quorum consists of three members, including the Chair or the Deputy Chair. The quorum must always be in place during a meeting.
- 30.** An individual Committee member may request a meeting with the Commissioner through the Chair or Executive Director, Enterprise Governance and Corporate Operations.

- 31.** Committee members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the Commissioner.
- 32.** The Commissioner directs officials of the Commission to cooperate with the Committee.

Relationships

- 33.** The Committee is directly accountable to the Commissioner for the performance of its functions. The Committee will generally communicate with the Commissioner through the secretariat, Director Governance and Risk, and Executive Director, Enterprise Governance and Corporate Operations.

Decisions without meetings

- 34.** The Committee can make decisions without a meeting in the following circumstances:
- all Committee members have been informed of the proposed decision (or reasonable efforts have been made to inform all members), and
 - a majority of Committee members entitled to vote on the proposed decisions indicate agreement.
- 35.** Committee members are to indicate agreement to a decision by providing written advice to the Committee Chair and Committee Secretariat of their agreement to the proposed decision. This can be done by electronic signature or by preliminary email advice.

Reporting, review and evaluation

- 36.** The Chair will report to the Commissioner following a meeting of the Committee on any matters the Committee considers should be brought to the attention of the Commissioner.
- 37.** The Committee will at least once annually confirm to the Commissioner that all its functions have been carried out and comply with any other reporting requirements specified by the Commissioner.
- 38.** The Committee will review this charter annually. This review will be undertaken in consultation with the Commissioner. Any changes to the charter will be recommended by the Committee and formally approved by the Commissioner.
- 39.** The Chair of the Committee will initiate a review of the Committee's performance at least once every two years. The outcomes of this assessment will be reported to the Commissioner.

Secretariat

- 40.** An employee of the Commission will fulfil the role of Committee Secretariat, and will be responsible for developing, under instruction from the Committee Chair, an agenda for each meeting. The Committee Secretariat will also ensure that papers are provided to members at least five and desirably seven days in advance of a meeting.
- 41.** The Committee Secretariat will attend Committee meetings for the purposes of keeping an accurate record but will not take part in the meeting. Minutes will be compiled, approved by the Committee Chair and distributed to all members within seven working days of the meeting taking place.



The Aged Care Quality and Safety Commission acknowledges the Traditional Owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to Elders both past and present.

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