Audit and Risk Committee Charter

Austrade’s Chief Executive Officer (CEO) has established an Audit and Risk Committee (the 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).

The Audit and Risk Committee Charter (the Charter) sets out the Committee’s role, authority, membership, responsibilities, reporting and administrative arrangements.

1. Role

The Committee’s role is to provide independent advice to the CEO on the appropriateness* of Austrade’s financial reporting, performance reporting, system of risk oversight and management, system of internal control, and other functions relevant to the Committee’s operation.

1.1 The Committee has no management responsibilities. It does not make decisions in relation to Austrade’s processes and functions.

1.2 The Committee will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its independent advice to the CEO.

1.3 Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and Rules. Members are also expected to:

   1.3.1 act in the best interests of Austrade as a whole;
   1.3.2 apply good analytical skills, objectivity and judgment;
   1.3.3 express opinions constructively and openly, raise issues that relate to the Committee’s responsibilities and pursue independent lines of enquiry; and
   1.3.4 contribute the time required to meet their responsibilities.

1.4 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 CEO.

2. Authority

The CEO authorises the Committee, in accordance with its role and responsibilities, to:

2.1 obtain any information it requires from any official and/or external party (subject to their legal obligation to protect information);

2.2 discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations);

2.3 request the attendance of any official, including the CEO, at Committee meetings; and

2.4 request legal or other professional advice, subject to approval by the CEO, or delegate.

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3. Membership

3.1 The Committee must consist of at least three members and may comprise up to five members, appointed by the CEO.

3.2 The majority of members must not be officials of Austrade.

3.3 The CEO will appoint the Chair of the Committee who must not be an official of Austrade.

3.4 The CEO, Chief Operating Officer, Chief Financial Officer, Chief Information Officer, General Manager Strategy and Business Transformation, Governance Manager, Manager Internal Audit and Risk and representatives of the outsourced Internal Audit services provider may attend meetings as advisers to the Committee, as determined by the Chair, but will not be members of the Committee.

3.5 A representative(s) of the ANAO will be invited to attend all meetings of the Committee.

3.6 Committee members will be appointed for an initial period determined by the CEO. Members may be reappointed after a formal review of their performance, for further periods as specified by the CEO.

4. Responsibilities of the Committee

Financial reporting

The Committee review and provide advice on the appropriateness* of Austrade’s:

4.1 annual financial statements;

4.2 information (other than annual financial statements) requested by the Department of Finance in preparing the Australian Government’s consolidated financial statements, including the supplementary reporting package;

4.3 processes and systems for preparing financial reporting information;

4.4 financial record keeping; and

4.5 processes in place to allow Austrade’s management to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.

The Committee will provide an annual statement to the CEO advising:

4.6 whether Austrade’s annual financial statements, in the Committee’s view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;

4.7 whether additional information (other than financial statements) required by the Department of Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance; and

4.8 the Committee’s view of the appropriateness of Austrade’s financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

The Committee will also:

4.9 meet privately with the ANAO at least once a year; and

4.10 provide input on ANAO’s Annual Financial Statement Strategy;

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Performance reporting
The Committee review and provide advice on the appropriateness of Austrade’s:

4.11 systems and procedures for assessing, monitoring and reporting on achievement of the Austrade’s performance. In particular, the committee should satisfy itself that Austrade’s:

4.11.1 Portfolio Budget Statements and corporate plan contain appropriate details of how Austrade’s performance will be measured and assessed;

4.11.2 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. This may include reviewing, over time, particular elements of the performance measures; and

4.11.3 systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.

The Committee to provide an annual statement to the CEO advising, whether, in their view, the annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management
The Committee review and provide advice on the appropriateness of Austrade’s:

4.12 enterprise risk management policy framework and the necessary internal controls for the effective identification and management of Austrade’s risks, in keeping with the Commonwealth Risk Management Policy;

4.13 approach to managing Austrade’s risks—including those associated with individual projects and program implementation and activities;

4.14 process for developing and implementing Austrade’s fraud control arrangements consistent with the fraud control framework, and satisfy itself that Austrade has adequate processes for detecting, capturing and effectively responding to fraud risks; and

4.15 articulation of key roles and responsibilities relating to risk management and adherence to them by officials of Austrade.

The Committee to provide an annual statement to the CEO advising, whether, in their view, Austrade’s system of risk oversight and management as a whole is appropriate with reference to the Commonwealth Risk Management Policy and any specific areas of concern or suggestions for improvement.

System of internal control
The Committee review and provide advice on the appropriateness of Austrade’s:

Internal Control Framework:

4.16 Review management’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.

4.17 Review whether management has in place relevant policies and processes.

Legislative and Policy Compliance

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4.18 Reviewing the effectiveness of systems for monitoring the entity’s compliance with laws, regulations and associated government policies with which the entity must comply.

4.19 Determining whether management has adequately considered legal and compliance risks as part of the entity’s enterprise risk management framework, fraud control framework and planning.

**Security Compliance**

4.20 Review management’s approach to maintaining an effective internal security system—including complying with the Commonwealth *Protective Security Policy Framework* and ICT security policy.

**Internal Audit Coverage**

4.21 Review the proposed internal audit coverage, ensure the coverage takes into account Austrade’s key risks, and recommend approval of the annual internal audit program by the CEO.

4.22 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 good practice.

4.23 Monitor management’s implementation of internal audit recommendations.

4.24 Periodically review the internal audit charter to ensure appropriate authority, access and reporting arrangements are in place.

4.25 Endorse to the CEO the recommendation from the Chair of the tender evaluation committee, regarding the appointment of the internal auditor where outsourced or co-sourced.

4.26 Periodically meet privately with the internal auditors.

**Business Continuity**

4.27 The Committee should satisfy itself that an appropriate approach has been taken in establishing business continuity planning arrangements—including whether business continuity and disaster recovery plans have been periodically updated and tested.

**Ethical and Lawful Behaviour**

4.28 The Committee shall assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful conduct.

**Parliamentary Committee reports and external reviews**

4.29 The Committee shall satisfy itself that Austrade has appropriate mechanisms in place to review relevant Parliamentary Committee reports, external reviews, ANAO performance audits of Austrade and other agencies, and adopt relevant recommendations and better practice arising from these reports and reviews.

The Committee to provide an annual statement to the CEO advising, whether, in their view, Austrade’s system of internal control is appropriate for Austrade with reference to any specific areas of concern or suggestions for improvement.

**5. Reporting**

5.1 The Chair will report any matter deemed of sufficient importance to the CEO immediately.

5.2 The Chair will provide a written report to the CEO after every ARC meeting that summarises the key points of the meetings discussion.

5.3 The Chair will provide the CEO with an annual statement outlining the Committee’s view of the appropriateness* of Austrade’s financial reporting, performance reporting, system of risk oversight and management and system of internal control, with reference to the responsibilities outlined in section 4 of this charter.

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6. Administrative arrangements

Meetings

6.1 The Committee will meet at least five times per year. One or more special meetings may be held to review Austrade’s annual financial statements and performance statements or to meet other responsibilities of the Committee.

6.2 The Chair is required to call a meeting if asked to do so by the CEO, and decide if a meeting is required if requested by another member, internal audit or the ANAO.

Planning

6.3 The Committee will develop a forward annual work plan that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, that covers all the responsibilities outlined in this Charter.

Attendance at meetings and quorums

6.4 A quorum will consist of a majority of external members, the quorum must be in place at all times during the meeting.

Secretariat

6.5 The CEO, in consultation with the Committee, will appoint a person to provide secretariat support to the Committee. The secretariat will: ensure the agenda for each meeting is approved by the Chair, the agenda and supporting papers are circulated at least one week before the meeting and ensure that minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated in a timely manner to each member and Committee advisers and observers, as appropriate.

6.6 Members of the Committee will provide written conflict of interest declarations annually through the Chair to the CEO. The CEO should be satisfied there are sufficient processes in place to manage any real or perceived conflict.

6.7 At the beginning of each Committee meeting, members must declare any material personal interest that may apply to specific matters on the meeting agenda and may be, or perceived to be, a conflict of interest. The Chair may excuse members, or herself, from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of material personal interests declared by members, and actions taken, will be appropriately recorded in the minutes.

Assessment arrangements

6.8 The Chief Audit Executive will undertake a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined) with appropriate input sought from Committee members, internal audit, and any other relevant stakeholders. The results of the performance assessment will be reported to the CEO.

6.9 The Chair will provide advice to the CEO on an external member’s performance where an extension of the member’s tenure is being considered.

Review of the Charter

6.10 The Committee will review this Charter at least every two years, or earlier if requested by the CEO or Chair of the Committee.

6.11 Any substantive changes to the Charter will be recommended by the Committee and formally approved by the CEO.

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