



## Audit and Risk Committee Charter

### Introduction

As required under subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013*, as the Secretary of the Department of Social Services I am to establish an audit and risk committee and under subsection 17(1) of the *Public Governance, Performance and Accountability Rule 2014*, I am to determine the functions of the audit and risk committee by written Charter.

### Role

The role of the Audit and Risk Committee (the Committee) is to provide me with independent assurance on the appropriateness of the Department of Social Services’:

- financial reporting
- performance reporting
- system of risk oversight and management and
- systems of internal control.

The Committee is not responsible for the executive management of these functions. The Committee will engage with management in a constructive and professional manner in discharging its advisory responsibilities, when formulating its advice to me.

### Authority

I authorise the Committee, in accordance with its role and responsibilities, to:

- obtain any information it requires from any official or external party (while maintaining any legal obligation to protect information)
- discuss any matters with the Australian National Audit Office, or other external parties (while maintaining confidentiality where necessary or appropriate)
- request the attendance of any official at Committee meetings and
- obtain legal or other professional advice, as considered necessary to fulfil its role, at the Department’s expense, subject to the approval of the Group Manager, Portfolio Coordination.

I expect members of the Committee to understand and observe the legal requirements of the *Public Governance, Performance and Accountability Act 2013* and rules, whilst:

- acting in the best interests of the Department as a whole
- applying good analytical skills, objectivity and judgment
- expressing opinions constructively and openly
- raising issues that relate to the Committee’s responsibilities and pursuing independent lines of enquiry and
- contributing the time required to meet your responsibilities.

## Functions

Consistent with, but not limited to *Public Governance, Performance and Accountability Rule 2014* section 17, the Committee is to review the appropriateness of the Department's financial and performance reporting, systems of risk oversight and management and systems of internal control, in accordance with my direction below.

Under this Charter, the Department may support portfolio agencies with their Audit Committee requirements under the *Public Governance, Performance and Accountability Rule 2014*, if required and as agreed by me, as the accountable authority.<sup>1</sup>

## Financial reporting

The Committee is to review and provide advice to me on the appropriateness of the Department's:

- annual financial statements
- 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
- processes and systems for preparing financial reporting information
- financial record keeping and
- processes in place to allow the entity to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.

The Committee is to provide a statement outlining:

- whether the annual financial statements, in the Committee's view, comply with the Public Governance, Performance and Accountability Act and Rules, the Accounting Standards and supporting guidance
- any matters which have come to notice concerning the additional entity 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), and its compliance with the Public Governance, Performance and Accountability Act and Rules, the Accounting Standards and supporting guidance and
- in respect of the appropriateness of the entity's financial reporting as a whole, reference to any specific areas of concern or suggestions for improvement.

## Performance reporting

The Committee is to review and provide advice to me on the appropriateness of the Department's systems and procedures for assessing, monitoring and reporting on achievement of the Department's performance. The Committee reviews the annual performance statements and provides advice to me on their appropriateness.

In particular, the Committee should satisfy itself that:

- the Portfolio Budget Statements and Corporate Plan contain appropriate information of how performance will be measured and assessed
- the approach to measuring performance throughout the financial year against the performance measures included in the Portfolio Budget Statements and Corporate Plan is appropriate and in

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<sup>1</sup> Refer to the Resource Management Guide – Audit Committees (RMG 202) Section 1.5 Additional functions of the audit committee and Section 2.7 Shared Audit Committees.

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accordance with the Commonwealth performance framework; this may include reviewing, over time, particular elements of the performance measures

- the Department has appropriate systems and processes for preparation of its annual performance statements and inclusion of the statement in its annual report.

### System of risk oversight and management

The Committee reviews and provides advice to me on the appropriateness of the Department's:

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of these risks, having regard to the Commonwealth Risk Management Policy
- approach to managing the Department's key risks, including those associated with significant projects and program implementation and activities subject to review by the Committee
- process for developing and implementing the fraud control arrangements consistent with the fraud control framework
- articulation of key roles and responsibilities relating to risk management and adherence to them by the senior executive.

In consultation with the Chair, I may request that the Committee consider matters that have Portfolio implications.

The Committee is to provide a statement to me whether in their view, the Department'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 as part of the Committee's Annual Report.

### Systems of internal control

The Committee is to:

Internal control framework

- review the Department'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 Department 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 entity's compliance with laws, regulations and associated government policies with which the entity must comply
- determine whether the Department has adequately considered legal and compliance risks as part of the enterprise risk management framework, fraud control framework and planning.

Security compliance

- review the Department's approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework and ICT security policy.

## Internal audit

- review the proposed internal audit coverage, ensuring that the coverage takes into account the Department's enterprise risks, and providing recommendations to me prior to my approval of the internal audit work plan
- review all internal audit reports, providing advice to me on major concerns identified in those reports, and recommending action on significant matters raised, including identification and dissemination of information on good practice
- advise me on the adequacy of internal audit resources, or budget, to carry out its responsibilities, including completion of the approved Internal Audit Work Plan and
- periodically:
  - meet privately with the Head of Internal Audit
  - review the performance of internal audit, and report the results to me, and
  - review the Internal Audit Charter to ensure appropriate authority, access and reporting arrangements are in place.

The Committee is to provide a statement to me on whether the Department's systems of internal control is appropriate, with reference to any specific areas of concern or suggestions for improvement, as part of the Committee's Annual Report.

## Additional functions of the Committee

The Committee should monitor that responses have been developed in relation to recommendations of Parliamentary Committees.

## Membership

The Committee comprises four external members appointed by me. I and/or the Chair can appoint the role of a Deputy Chair at our discretion when required. To ensure the Committee has access to a collective leadership and knowledge base from the Department, I will also appoint up to three Senior Executive Service staff to perform the role of Senior Advisors.

The Chief Finance Officer, Head of Internal Audit and Chief Operating Officer may attend meetings as observers, but will not be members of the Committee.

Committee members and Senior Advisors, taken collectively, will have a broad range of skills and experience relevant to the operations of the Department. At least one member of the Committee will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.

I will appoint Committee members for a determined period. I may reappoint members for further periods, after a review of their performance.

## Australian National Audit Office

The Committee can invite representatives of the Australian National Audit Office to attend meetings, as observers. The Committee's engagement with the Australian National Audit Office, in relation to the Australian National Audit Office's financial statements and performance audit coverage, will:

- provide input on planned Australian National Audit Office financial statements and performance audit coverage
- monitor the Department's responses to all Australian National Audit Office financial statements management letters and performance audit reports, including the implementation of audit recommendations

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- provide advice to me on action to be taken on significant issues raised in relevant Australian National Audit Office reports or better practice guides and
- meet privately with the Australian National Audit Office at least once per year.

### Sub-committee

The Committee may establish a sub-committee to assist the full Committee in meeting its financial and performance reporting responsibilities and engagement with the Australian National Audit Office in relation to the Australian National Audit Office's financial statements and performance statements audit cover, in consultation with me.

The responsibilities, membership and reporting arrangements for this sub-committee shall be documented and approved by the full Committee.

The sub-committee is to adhere to the requirements and obligations set out in this Charter and, as such, are not to assume any management functions nor should management exert inappropriate influence over the work of sub-committees. Further to this, I will approve sub-committee membership following a recommendation from the full Committee.

The Chief Finance Officer, Head of Internal Audit and Australian National Audit Office may attend meetings as observers, as determined by the Chair, but will not be members of the sub-committee.

### Administration

#### Annual work plan

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

#### Program of induction

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

#### Reporting

The Committee is to, as often as necessary, and at least once a year, report to me on its operation and activities during the year, confirming that all functions outlined in this Charter have been satisfactorily addressed.

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

#### Meetings

The Committee will meet at least six times per year. One or more special meetings may occur to review the annual financial statements and performance statements or to meet other specific responsibilities of the Committee.

The Chair is required to call a meeting if asked to do so by me and decide if a meeting is required if requested by another member, internal audit or the Australian National Audit Office.

A quorum will consist of at least three Committee members, and at least one Senior Adviser. The quorum must be in place at all times during the meeting.

#### Secretariat

The Department's Portfolio Governance Branch will provide secretariat support to the Committee. The secretariat will ensure:

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- the agenda for each meeting is approved by the Chair
- the agenda and supporting papers are circulated, at least five working days before the meeting and
- the minutes of the meetings are prepared and maintained.

The Chair will review Minutes, which the secretariat will then circulate at the following meeting for final Committee consideration and ratification.

### Conflicts of interest

Members of the Committee will provide written declarations annually, through the Chair, to me, 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. In consultation with the Chair, I should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each Committee meeting, members are required to declare any material personal interests 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 Committee's consideration of the relevant agenda item(s).

The Chair is also responsible for deciding, in consultation with me where appropriate, if they should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s).

Details of any material personal interests declared by the Chair and other members, and actions taken, will be recorded appropriately in the minutes.

### Reviewing and assessing Committee performance

The Chair, in consultation with me, will undertake a review of the performance of the Committee at least once every two years. The review will occur on a self-assessment basis with appropriate input sought from me, Committee members, senior management, internal audit, the Australian National Audit Office, and any other relevant stakeholders.

The Chair will provide advice to me on an external member's performance where an extension of the member's tenure is under consideration.

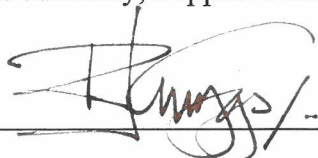
### Review of Charter

At least once a year the Committee will review this Charter. The Committee will recommend any substantive changes to the Charter for formal approval by me.

### Approval

As the accountable authority, I approve the Audit and Risk Committee Charter.

Approved:

  
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Ray Griggs AO CSC, Secretary

Date:

23 August 2022



## Addendum to the Audit and Risk Committee Charter

With effect from 14 / 11 / 2022, Mr Ray Griggs, Secretary of the Department of Social Services (the Department), and the accountable authority of the Department's Audit and Risk Committee, support the Domestic Family & Sexual Violence Commission (the Commission) under a shared arrangement, for the purposes of the requirements under the *Public Governance and Accountability Act 2013* (PGPA Act) for the Commission.

The *Public Governance, Performance and Accountability Rule 2014* (the PGPA Rule) sets out the minimum requirements relating to an Audit Committee to review the appropriateness of the accountable authorities': financial reporting; performance reporting; system of risk oversight and management, and system of internal control.

The *Resource Management Guide* (RMG 202) for non-corporate Commonwealth entities on the Role of Audit Committees – Section 1.5 Additional functions of the Audit Committee and Section 2.7 Shared Audit Committees, notes in some circumstances it can be useful for two or more entities to establish a shared Audit Committee.

For this shared arrangement, the Department's Audit and Risk Committee governance arrangements will be amended to ensure adequate mechanisms for input and oversight of the Commission are included, as per the requirements of the PGPA Act, PGPA Rule and RMG 202.

This arrangement will be revised at the end of June 2023.

Approved:

Ray Griggs AO CSC, Secretary

Date:

11 November 2022

I, Ms Micaela Cronin, Commissioner and accountable authority of the Commission, agree to this shared arrangement.

Approved:

Micaela Cronin

Date:

24<sup>th</sup> November 2022