



Audit and Risk Committee Charter

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Introduction

1. The accountable authority (Secretary) has established the Audit and Risk Committee (Committee) in accordance 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).

Functions

2. The functions of the Committee are to review the appropriateness of the Accountable Authority's:
 - financial reporting
 - performance reporting
 - systems of risk, security and privacy oversight and management, and
 - systems of internal control
3. The Committee will discharge its responsibility relating to systems of risk, security and privacy oversight and management through review and oversight of the department's:
 - compliance with relevant legislation, including the PGPA Act and PGPA Rule as they pertain to risk, fraud and corruption, and the Commonwealth Risk Management Policy (CRMP)
 - Enterprise Risk Management Policy and Framework (ERMPF), including the department's risk appetite and tolerance statement and Enterprise-Wide Risks
 - compliance with the Commonwealth Fraud and Corruption Control Framework 2024
 - compliance with the Climate Action in Government Operations Strategy
 - implementation of the Protective Security Policy Framework (PSPF) including performance in the annual maturity assessment process
 - Business Continuity Framework
 - Parliamentary Committee Inquiries
 - key business and emerging risks and shard risks such as fraud and corruption, privacy, security (physical, Personnel and cyber), ICT and business continuity risk.
4. The Committee will foster a positive departmental risk and security culture by promoting an open and proactive engagement with risk in pursuit of the department's goals.
5. This Charter is principles based with an accompanying annual work plan detailing the activities the Committee will undertake in acquitting its functions. The Charter and annual work plan are approved by the Secretary.

Financial Reporting

6. The Committee, supported by the Financial Statements Sub Committee (FSSC), will provide written advice to the Secretary regarding the appropriateness of the department's financial reporting as it relates to annual financial statements. This will include review of the department's annual financial statements, including planning, assurance, risks, key accounting policies, significant accounting judgements and estimates, for preparation of the financial statements and supplementary reporting pack. The Committee will consider any issues which may prevent the signing of the department's financial statements or relate to non-compliance with relevant legislation and guidance.

Performance Reporting

7. The Committee, supported by the Performance Reporting Sub Committee (PRSC), will provide written advice to the Secretary regarding the appropriateness of the department's performance reporting including the annual performance statement. This will include review of the department's performance

reporting framework, including compliance with relevant legislation and guidance, being fit for purpose and supported by appropriate systems, processes and controls to report results completely and accurately. It will also include consideration of the department's approach for developing appropriate measures against which the department assesses its performance.

System of Risk Oversight and Management

8. The Committee will provide written advice to the Secretary on the appropriateness of the department's system of risk oversight and management, including compliance with relevant legislation and guidance. This will include review of the department's Enterprise Risk Management Policy and Framework, Fraud and Corruption Control Framework and consideration of the effectiveness of management's processes to identify and manage key risks, including those related to fraud and corruption.

Internal Audit Function

9. The Committee will monitor the effectiveness of the internal audit function as a whole and advise the Secretary on the:
 - department's audit strategy and its systems and procedures, including review of the function
 - draft annual Internal Audit and Assurance Plan to ensure coverage takes into account the department's key risks, including the adequacy of resources available to complete the Plan
 - tabled Internal Audits and management's response to recommendations
 - achievements and performance of the Internal Audit function.
10. The Committee will be consulted on and recommend the approval of the Internal Audit and Assurance Plan to the Secretary.
11. To ensure Internal Audit is operating without undue influence, the Committee will have a discussion with the Chief Internal Auditor, at least once a year, without management in attendance.

Australian National Audit Office (ANAO) – External Auditors

12. The Committee will engage with the ANAO, the department's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular, the Committee will:
 - be advised of input on planned ANAO's financial statement and performance audit coverage
 - through the FSSC and the PRSC, monitor management's responses and implementation of recommendations relating to all ANAO financial and performance statement management letters and reports
 - monitor management's responses and implementation of audit recommendations relating to ANAO performance audits and any JCPAA inquiries relevant to the Education portfolio.

Membership

13. The Committee will consist of 5 external members, including the Chair, appointed by the Secretary. The Chair may choose to appoint a Deputy Chair (departmental representative), who will act in the absence of the Chair.
14. Committee members are appointed for an initial period of 3 years and can be re-appointed for a further period not exceeding 2 years. Members may be eligible for an extension beyond these initial terms after a review of their performance.
15. In appointing members, consideration will be given to ensuring there is an appropriate balance between continuity of membership, the contribution of fresh perspectives, and a suitable mix of qualifications, knowledge, skills and experience.

16. Advisors, as agreed by the Secretary and the Chair, may be appointed for 2 years, to support the Committee in fulfilling its functions. These advisors will receive all papers and attend all meetings but are not considered part of the quorum and do not have voting rights.
17. The members should collectively develop, possess and maintain a broad range of skills and experience relevant to the operations and governance of the department, the environment in which the department operates and the contribution that the Committee makes to the department.
18. Members of the Committee are to:
 - understand and observe the legal requirements of the PGPA Act, PGPA Rule and *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*, and any official guidance relevant to performing their functions
 - gain a good understanding of the department's functions, objectives and operational context
 - act in best interests of the department as a whole
 - apply good analytical skills, objectivity and good judgement
 - continuously build, apply and maintain appropriate experience and awareness of the department's and the broader public sector, operating context
 - express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
 - contribute the time required to meet their responsibilities.
19. The membership arrangements, including meeting attendance, remuneration, qualifications, knowledge, skills and experience of members, are included in the department's Annual Report.

Conduct of the Committee

20. The Committee is directly accountable to the Secretary for the performance of its functions.
21. It has no executive powers in relation to the operations of the department. The Committee may only review the appropriateness of particular aspects of the department's operations, consistent with its functions, and advise the Secretary accordingly.
22. The Committee can call upon expert advice, both internally and externally, if required. The engagement of external specialists must be authorised by the Secretary and comply with the Commonwealth Procurement Rules.

Relationships

23. In performing its responsibilities, the Committee will provide a forum for communication between the Secretary, senior managers and auditors.

Management

24. To support the department to achieve better business outcomes, the Committee will engage with management in a timely, constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the Secretary.
25. Management may present and/or provide reports to the Committee within the scope of its functions.

Governance Committees

26. The Committee will develop and maintain relationships with the strategic departmental committees to ensure a strategic approach is taken to providing assurance on the appropriateness of the department's accountability and control frameworks. This may include members of the Committee being appointed as advisors or observers to these committees. Members appointed on departmental committees will provide reports (written or verbal) back to the Committee.

Authority

27. The Secretary authorises the Committee, in performing its functions, to:

- obtain any information it requires from any employee or external party (subject to any legal obligations to protect information)
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- request the attendance of any employee, including the accountable authority, at Committee meetings
- obtain legal or other professional advice, as considered necessary to meet its responsibilities.

Sub committees

28. The Committee, in consultation with the Secretary, may establish sub committees to assist it to fulfil its responsibilities. A member of the Committee may be appointed as the Chair of the sub committee.

29. The sub committee will document its responsibilities, membership and reporting arrangements for approval by the Committee.

30. The Chair of the sub committee will report to the Committee after each meeting. Any matter deemed of sufficient importance will be reported to the Secretary through the Chair of the Committee.

Reporting

31. The Chair will report to the Secretary after each meeting. Any matter deemed of sufficient importance will be reported to the Secretary immediately.

32. The Committee may, at any time, report to the Secretary on 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 the Secretary.

Annual Report

33. The Committee will report as often as necessary, and at least once a year in an annual report, to the Secretary and Executive Board on its operations and activities during the year to communicate their view on the appropriateness of the functions it reviews, including reference to any specific areas of concern or suggestions for improvement.

34. The PGPA Rule 2014 requires that the department's annual report include:

- a hyperlink to the Charter determining the functions of the Committee
- the name of each member of the Committee during the reporting period
- the qualifications, knowledge, skills or experience of those members
- information about each member's attendance at meetings of the Committee during the reporting period
- the remuneration of each member of the Committee.

Conflicts of Interest

35. Members and advisors with an actual, perceived or potential conflict of interest will notify the Committee as soon as these issues become apparent. Conflicts of interest will be managed by the Chair in consultation with the Deputy Chair.

36. If the Chair has an actual, perceived or potential conflict it will be managed with the Secretary, or in the Secretary's absence the Deputy Chair.

37. At least once each year, members and advisors of the Committee will provide written declarations, through the Chair, declaring any perceived, potential or actual conflicts of interest they may have in relation to their responsibilities.

Access to and use of Information

38. 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 Secretary.

Assessing Performance

39. The Chair of the Committee will undertake a review of the performance of the Committee at least once every 2 years. The review, done through a survey, will seek appropriate input from the Secretary, Committee members, advisors and observers, senior management and any other relevant stakeholders. This review is included in the Committee Annual Report.
40. In addition, in consultation with the Secretary, periodic independent performance reviews may be undertaken.
41. The Chair will provide advice to the Secretary on a member's performance where an extension of the member's tenure is being considered.

Induction

42. New members will receive relevant information and briefings as part of their induction when appointed to assist them to meet their committee responsibilities.

Review of Charter

43. The Charter will be updated as required, to reflect any changes in the department's operating environment.
44. At least once a year the Committee will review this Charter. The Committee will recommend any substantive changes to the Secretary for approval.

Publication of the Charter

45. This Charter will be published on the department's intranet site.

Administrative Arrangements

Meetings

46. The Committee will meet at least four times per year. One or more special meetings may be held to review the department's annual financial statements and performance statements or to meet other responsibilities of the Committee.
47. The Committee may also hold 'member only' sessions and consider matters out of session.
48. Information relating to members' meeting attendance for the reporting period is included in the department's Annual Report.
49. The Chair is required to call a meeting if asked to do so by the Secretary and decide if a meeting is required if requested by another member, internal or external auditor.
50. The Secretary, Chief Operating Officer, Chief Financial Officer, Chief Legal Officer, Chief Risk Officer, Chief Internal Auditor and Chief Information Officer may attend meetings as observers, as determined by the Chair, but will not be members of the Committee.
51. A representative of the ANAO may be invited to attend meetings of the Committee, as an observer.

Planning

52. The Committee will develop an annual meeting schedule that includes the dates, location and proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this Charter and the Work Plan.

Quorum

53. A quorum for any Committee meeting will be a majority of members, one of whom must be the Chair or the Deputy Chair. The quorum must be in attendance at all times during the meeting.

Secretariat

54. The Internal Audit function will provide secretariat support to the Committee. The Secretariat will:

- ensure the agenda and supporting papers are circulated at least one week before each meeting
- ensure the minutes of the meetings are prepared and maintained. The Chair will review the minutes for approval by the Committee
- assist in keeping the Secretary informed of the Committee's work
- on behalf of the Committee, maintain induction and ongoing awareness packs
- support awareness raising of Committee members by bringing matters of importance to the Committee's attention.

Maintenance of Records

55. The Committee Secretariat shall maintain records of all meeting papers and minutes, of the Committee's key functional and administrative arrangements (remuneration, reappointment, conflict of interest declarations, etc.), reviews of the Committee and its Charter and any other material relevant to the conduct of the Committee or its meetings.

Approval

56. Approved by the Secretary, Mr Tony Cook, PSM on 16 September 2024.

Document Particulars

Version	Review Date	Update Description	Actioned by
1.0	9 September 2022	Drafted, based on former DESE Charter to support Machinery of Government changes. Significant changes have not been made.	Bronwyn Biddle, Assistant Director, Internal Audit and Risk. Approved by Accountable Authority
1.1	4 December 2023	Updates after annual review. Significant changes have not been made.	Pon Chaleune, Assistant Director, Internal Audit and Risk. Approved by Accountable Authority.
1.2	September 2024	Updates to incorporate risk, security and privacy oversight functions after change in departmental governance arrangements.	Kathryn Ries, Director Internal Audit and Risk, and Chief Internal Auditor. Approved by the Secretary, Mr Tony Cook, PSM on 16 September 2024.