

## AUDIT, RISK AND FINANCE COMMITTEE CHARTER

**Commencement date: 24 August 2024**

The ACARA Board is required to establish an audit committee in compliance with subsection 45(1) of the [Public Governance, Performance and Accountability Act 2013](#) (PGPA Act). Subsection 17(1) of the [Public Governance, Performance and Accountability Rule 2014](#) (the PGPA Rule) requires that the ACARA Board determine the functions of the audit committee by way of a written charter. The Audit, Risk and Finance Committee Charter adopted by ACARA draws on the PGPA Act, the PGPA Rule, and the Resource Management Guide 202 - A guide for corporate Commonwealth entities on the role of audit committees developed by the Australian Government Department of Finance (September 2021).

### 1 Purpose

- 1.1 The Audit, Risk and Finance Committee (the Committee) has been established to provide independent advice, assurance, and assistance to the ACARA Board (the Board) on ACARA's risk, control and compliance framework, financial performance and reporting, and its external financial statement responsibilities.
- 1.2 The main functions of the Committee are to:
  - a) Assist ACARA and its Board to comply with obligations under the PGPA Act and the [Australian Curriculum, Assessment and Reporting Authority Act 2008](#) (the ACARA Act).
  - b) Provide a forum for communication between the Board, senior managers and other employees of ACARA, and the external and internal auditors – the Australian National Audit Office (ANAO) and internal audit service provider, respectively.
- 1.3 The Charter sets out the Committee's guiding principles, authority, composition and membership, meeting requirements, responsibilities, reporting and administrative arrangements.

### 2 Guiding Principles

- 2.1 Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and associated legislative instruments. Members are also expected to:
  - a) act in the interests of ACARA,
  - b) apply good analytical skills, objectivity, and sound judgement,
  - c) maintain confidentiality of all ACARA-related documents and information that are not publicly available or have yet to be published, and
  - d) express opinions respectfully, constructively, and openly raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry.

### 3 Scope

- 3.1 The Board authorises the Committee, within the scope of its role and responsibilities and with regard for the need to maintain confidentiality, to:
  - a) obtain any information it needs to perform its functions,
  - b) discuss any matters with the external auditor, internal audit service provider, or other external

parties, including obtaining external professional advice,

- c) instigate special audits, investigations and operational reviews as needed, and
- d) establish sub-committees, as required, to assist the Committee in executing its responsibilities. Quorum for sub-committee meetings will be consistent with paragraph 8.2, unless only 2 members are appointed to the sub-committee, in which case the attendance of both members is required.

## 4 Composition

- 4.1 The Committee will comprise at least 3 persons.
- 4.2 The Committee may be comprised:
  - a) wholly by members of the Board,
  - b) wholly by persons who are not members of the Board, or
  - c) partly by members of the Board and partly by other persons.
- 4.3 All members of the Committee must be persons who are not employees of ACARA.
- 4.4 The head of the accountable authority (i.e., the Board Chair) must not be a member of the Committee.
- 4.5 Collectively, Committee members will have appropriate qualifications, knowledge, skills, and experience to assist the Committee to perform its functions.
- 4.6 The Chair of the Committee will be appointed by the Board. The Chair of the Committee will be the Deputy Chair of the Board or another member of the Board.
- 4.7 The Committee is authorised to appoint a Deputy Chair who will act as Chair in the absence of the Committee Chair.

## 5 Appointment of members

- 5.1 The Committee will make recommendations to the Board on appointments to the Committee, having regard to the Committee's skills matrix.
- 5.2 Members will be appointed to the Committee by the Board for an initial period not exceeding 3 years. Members may be reappointed for an additional term of 3 years upon a recommendation by the Committee Chair.
- 5.3 ACARA encourages the rotation of all positions on the Committee to provide fresh perspectives and enhance the Committee's independence. Rotation of members will be phased, to preserve an appropriate level of knowledge and experience on the Committee.
- 5.4 New members will receive relevant information and briefings upon appointment to assist them to meet their Committee responsibilities. In undertaking its work, the Committee will seek to keep abreast of contemporary developments and leading practices in relation to its functions.

## 6 Disclosure of interests

- 6.1 Prior to appointment to the Committee, prospective members will be required to provide a written disclosure of any interests that may preclude them from being a member of the Committee. Following appointment to the Committee, the written declaration must be updated as soon as practicable after a

member becomes aware of any change/s to the nature or extent of their interests.

- 6.2 Members are required to disclose any actual, perceived, or potential interests at the start of each meeting or before discussion of the relevant agenda item or topic.
- 6.3 A member who has disclosed an interest in a matter being considered by the Committee must not be present while the matter is considered (or, in the case of a circular resolution, must not receive the circular resolution) or vote on the matter unless the Committee members who have not disclosed an interest in the matter have decided that the member is not disqualified from being present (or receiving the circular resolution) or voting (or both).
- 6.4 Disclosures of interests and the consequences of the disclosure will be minuted and included as part of the report to the Board under section 10 of this Charter.

## 7 Observers

- 7.1 To assist the Committee to perform its functions, the following persons will have observer status for Committee meetings:
- a) the CEO,
  - b) the CFO,
  - c) a representative/s of the external auditor,
  - d) a representative/s of the internal audit service provider, and
  - e) ACARA staff with responsibility for risk management, internal audit, and finance.
- 7.2 Other ACARA staff may attend Committee meetings for consideration of specific matters at the request of, or with the agreement of, the Committee.

## 8 Meetings

- 8.1 The Committee will meet at least 4 times per financial year. Additional meetings may be held as required, including a special meeting to review ACARA's annual financial statements
- 8.2 Where there is an odd number of Committee members, quorum will consist of a majority of members. Where there is an even number of Committee members, a quorum will consist of half the Committee.
- 8.3 The Committee Chair is required to call a meeting if asked to do so by the Board or another Committee member.
- 8.4 The Committee will develop an annual work plan that includes meeting dates and the schedule for consideration of agenda items that cover all the Committee's responsibilities as detailed in this Charter.

## 9 Committee Responsibilities

### 9.1 Ethical and lawful conduct

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

### 9.2 Risk oversight and management

The Committee will review and provide advice on the appropriateness of ACARA's:

- a) enterprise risk management framework and necessary internal controls for the effective identification and management of risks in keeping with the Commonwealth Risk Management Policy and ISO 31000:2018 Risk management,
- b) approach to managing key risks, including those associated with individual projects and program implementation and activities,
- c) articulation of key roles and responsibilities relating to risk management and adherence to them by officials,
- d) process for developing and implementing fraud and corruption control arrangements, consistent with the fraud and corruption control framework, ensuring that ACARA has adequate processes for detecting, capturing, and effectively responding to fraud and corruption risks, and
- e) business continuity planning arrangements to assess whether a sound and effective approach has been followed, including the periodic testing of business continuity and disaster recovery plans.

### 9.3 Internal control

The Committee will review and provide advice on the appropriateness of ACARA's:

- a) internal control framework
  - i. reviewing whether management has in operation, relevant policies and procedures — such as accountable authority instructions, delegations, a business continuity management plan, or bullying and harassment policies.
  - ii. reviewing management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing compliance with key policies and procedures.
- b) legislative and policy compliance
  - i. reviewing the effectiveness of ACARA's processes for monitoring compliance with relevant laws, regulations, and associated government policies, with which ACARA must comply. This includes providing advice to the Board regarding ACARA's annual compliance report.
  - ii. determining whether management has appropriately considered legal and compliance risks as part of ACARA's risk assessment and management arrangements.
- c) security compliance
  - i. reviewing management's approach to maintaining an effective internal security system, including alignment with the Protective Security Policy Framework.
- d) internal audit coverage
  - i. reviewing the proposed internal audit coverage, ensuring that it has reference to ACARA's risk registers in recommending approval of the internal audit plan by the Board.
  - ii. reviewing all internal audit reports, providing advice to the Board on significant issues identified in those reports and monitoring implementation of audit recommendations.

### 9.4 Internal audit

In addition to the functions specified at paragraph 9.3(d), the Committee will:

- a) recommend to the Board the appointment and dismissal of the internal audit service provider, ensuring the continual independence of the internal audit function,
- b) advise the Board on the adequacy of the internal audit function's resources to carry out its responsibilities, including completion of the approved internal audit plan,
- c) review the internal audit charter and audit plan, including audit priorities for the year to ensure appropriate arrangements are in place, and
- d) periodically review the performance of the internal audit service provider.

#### 9.5 Performance reporting

The Committee will review, and provide advice on, the appropriateness of ACARA's systems and procedures for assessing, monitoring, and reporting on achievement of ACARA's performance. In particular, the Committee should satisfy itself that:

- a) ACARA's Portfolio Budget Statements and its corporate plan contain appropriate details of how ACARA's performance will be measured and assessed.
- b) ACARA's approach to measuring its performance throughout the financial year against the performance measures included in the 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.
- c) ACARA has appropriate systems and processes for preparation of its annual performance statements and inclusion of the statements in its annual report.

#### 9.6 Financial reporting

The Committee will review, and provide advice on, the appropriateness of ACARA's:

- a) annual financial statements,
- b) processes and systems for preparing financial reporting information including periodic reviews against budget,
- c) financial record-keeping, and
- d) processes in place to allow the entity to stay informed throughout the year of any changes or additional requirements in relation to financial reporting.

#### 9.7 Parliamentary committee reports, external reviews, and evaluations

The Committee will satisfy itself that ACARA has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations, and for implementing, where appropriate, any resultant recommendations.

## 10 Reporting to the Board

10.1 The Committee will regularly, but at least once a year, report to the Board on its operations and activities during the year. The report must include:

- a) a summary of the work the Committee performed to discharge its responsibilities during the year, and
- b) details of meetings held during the relevant period, and the number of meetings each member attended.

- 10.2 The report to the Board will also provide advice on the Committee's view of the appropriateness of ACARA's:
- a) risk oversight and management –  
whether the system of risk oversight and management as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.
  - b) internal control –  
whether the system of internal control is appropriate for ACARA with reference to any specific areas of concern or suggestions for improvement.
  - c) performance reporting –  
whether the annual performance statements and performance reporting as a whole are appropriate, with reference to any specific areas of concern or suggestions for improvement.
  - d) financial reporting –
    - i. whether the annual financial statements comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance.
    - ii. whether additional entity information (other than financial statements) required by Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) complies with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance.
    - iii. financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.
- 10.3 If any other issue of sufficient importance arises, the Committee may provide an additional report to the Board.

## 11 Administration

- 11.1 ACARA's Office of the CEO is responsible for the provision of secretariat services to the Committee. This includes:
- a) circulating supporting papers at least 1 week before the meeting,
  - b) ensuring that minutes of meetings are accurately prepared and maintained, and
  - c) circulating draft minutes to each member of the Committee and any observers present, as appropriate, prior to the following Committee meeting. Minutes will be approved at the next meeting of the Committee.
- 11.2 The secretariat is responsible for the reviewing the Charter in consultation with the Committee at least once every 2 years. The Charter can be reviewed more frequently as needed to reflect changes to ACARA's operating context, new circumstances and the Board's changing needs. Any substantive changes to the Charter will be recommended by the Committee for approval by the Board.
- 11.3 An assessment of the Committee and its members' performance against the Charter will be based on the reports made in accordance with section 10. The Board may initiate a formal review of the Committee's performance periodically, as required. The nature of the review will be determined by the Board. Input, as appropriate, may be sought from the Committee, CEO, internal and external auditors, management, and any other relevant stakeholders, as determined by the Board.