



Audit and Risk Committee Charter

1. The Chief Executive Officer (CEO) 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. Consistent with subsection 17(2) of the PGPA Rule, the functions of the Committee include reviewing the appropriateness¹ of the CEO's financial reporting; performance reporting; system of risk oversight and management; and the system of internal control.

Financial Reporting

3. The Committee will review and provide advice to the CEO on the appropriateness of:
 - a. the annual financial statements and their compliance with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance, and recommend the signing of the financial statements by the CEO;
 - b. ALRC's consolidated financial statements supplementary reporting pack; and
 - c. ALRC's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance Reporting

4. The Committee will review and provide advice to the CEO on the appropriateness of:
 - a. performance information included in the Portfolio Budget Statements and the Corporate Plan;
 - b. the framework for developing and reporting performance information;
 - c. the annual performance statement; and
 - d. ALRC's performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management

5. The Committee will review and provide advice to the CEO on the appropriateness of:
 - a. ALRC's enterprise risk management framework and internal controls for the effective identification and management of its risks consistent with the Commonwealth Risk Management Policy;
 - b. the approach to managing ALRC's key risks, including those associated with projects,

¹ For the purposes of the PGPA Act, PGPA Rule and this Charter, and consistent with rules of statutory interpretation, 'appropriateness' has its ordinary meaning of 'suitable or fitting for a particular purpose'.



programme implementation, and activities;

- c. ALRC's fraud control arrangements to detect, capture and effectively respond to fraud risks consistent with the Commonwealth Fraud Control Framework; and
- d. ALRC's system of risk oversight and management as a whole, with reference to the Commonwealth Risk Management Policy and Commonwealth Fraud Control Framework, referring to any specific areas of concern or suggestions for improvement.

System of internal control

- 6. The Committee will review and provide advice to the CEO on the appropriateness of ALRC's system of internal control by reviewing the following items and advising of any specific areas of concern or suggestions for improvement:
 - a. **internal control framework:**
 - i) whether relevant policies and procedures are in place, including the approach to Accountable Authority Instructions, delegations, bullying or harassment policies;
 - ii) whether there are appropriate processes to assess whether key policies and procedures are complied with;
 - b. **legislative compliance:** the systems for monitoring ALRC's compliance with laws, regulations and associated government policies;
 - c. **business continuity arrangements:** whether business continuity and disaster recovery plans are in place and have been periodically updated and tested;
 - d. **security compliance:** the approach to maintaining an effective security system through review of the Protective Security Policy Framework maturity assessment and ICT security policy;
 - e. **ethical and lawful conduct:** the steps taken to embed a culture that promotes the proper use and management of public resources and the commitment to ethical and lawful conduct; and
 - f. **relevant parliamentary committee reports and external reviews** and implementation of agreed actions.

Membership

- 7. The Committee will comprise at least three members appointed by the CEO. Under Subsection 17(4) of the PGPA Rule, a majority of the members must be persons who are not officials of any Commonwealth entity.

The CEO will appoint one of the members as the Chair of the Committee.

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



8. Members of the Committee are expected to understand and observe the requirements of the PGPA legislation and are also expected to:
 - a. act in the best interests of ALRC;
 - b. apply good analytical skills, objectivity and good judgement;
 - c. express opinions constructively and raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry; and
 - d. contribute the time required to meet their responsibilities.
9. The CEO and General Counsel may attend meetings as advisers or observers, as determined by the Chair, but will not be members of the Committee.
10. Representatives from the Attorney General's Department and the ANAO will not be members of the Committee however, they may attend relevant Committee meetings (in whole or in part) as determined by the Chair.

Independence

11. The Committee is directly accountable to the CEO for the performance of its functions.
12. The Committee has no managerial responsibilities. It does not make decisions in relation to ALRC's processes and functions. The Committee's role is to provide independent advice to the CEO.

Conflicts of Interest

13. On appointment to the Committee and on any changes to Committee members' circumstances, Committee members will provide written declarations of any potential or actual conflicts of interest they may have in relation to their responsibilities as members of the Committee. Members should consider past employment, consultancy arrangements and related party issues when making these declarations and the Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict of interest.

At the beginning of each Committee meeting members, advisers and observers will declare any conflicts of interest or the appearance of a conflict of interest. The remaining members will decide whether the member should be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). Any interests declared will be recorded in the minutes.

Authority

14. The CEO authorises the Committee, in performing its functions, to:
 - a. seek any information it requires from any ALRC official or external party;
 - b. request legal or other professional advice, subject to approval by the appropriate delegate; and
 - c. require the attendance of any ALRC official at meetings, as appropriate.
15. The CEO directs officials of ALRC to cooperate with the Committee.



Administrative Arrangements

Meetings

16. The Committee will meet at least three times per year. Special meetings may be held to review ALRC's annual financial statements and annual performance statements or to meet other specific responsibilities of the Committee.
17. The Chair will call a meeting if requested to do so by the CEO, and may call a meeting if requested by another Committee member.
18. A quorum for any Committee meeting will be two members.

Secretariat

19. The CEO, in consultation with the Committee, will appoint a person to provide secretariat services to the Committee. The Secretariat will ensure the Chair approves the agenda for each meeting; the agenda and supporting papers are circulated at least five business days before each meeting; and the minutes of each meeting are prepared and maintained. Minutes must be reviewed by the Chair and circulated in a timely manner to each member prior to being included in the papers for the next meeting.

Reporting

20. The Chair will report regularly to the CEO, typically through the Committee's minutes. Any matter deemed of sufficient importance will be reported to the CEO immediately.
21. The Committee will, as often as necessary, and at least once a year, report to the CEO on its operation and activities against the responsibilities outlined in this Charter.

Annual Work Plan

22. The Committee will document the matters it will consider during any given year in a work plan. The work plan will include the proposed agenda items for each meeting and cover all of the functions outlined in this Charter.

Review of Committee performance

23. The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. The outcomes of this assessment will be reported to the CEO.

Review of Charter

24. The Committee will review the appropriateness of this Charter at least annually and recommend the Charter to the CEO for approval.

Approved

ALRC President
(Chief Executive Officer)

10 June 2022