



Australian
Human Rights
Commission

Australian Human Rights Commission

Audit And Risk Committee

December 2019

ABN 47 996 232 602
Level 3, 175 Pitt Street, Sydney NSW 2000
GPO Box 5218, Sydney NSW 2001
General enquiries 1300 369 711
Complaints info line 1300 656 419
TTY 1800 620 241

Australian Human Rights Commission
www.humanrights.gov.au

The President has established an Audit and Risk Committee in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 - Audit committee for Commonwealth entities.

Purpose

The Audit and Risk Committee (the committee) is established to assist the President discharge responsibilities under the *Australian Human Rights Commission Act 1986* and the *Public Governance, Performance and Accountability Act 2013* in respect of financial reporting, performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies.

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 responsibilities and formulating its advice to the President.

Authority

The President authorises the committee, within its responsibilities, to:

- ▶ obtain any information it requires from any official or external party (subject to any legal obligation to protect information);
- ▶ discuss any matters with the ANAO, or other external parties (subject to confidentiality considerations);
- ▶ request the attendance of any official, including the President, at committee meetings, and
- ▶ obtain legal or other professional advice at the Commission's expense, as considered necessary to meet its responsibilities.

Membership

The Audit and Risk Committee comprises three members, appointed by the President.

The President will appoint the Chair of the committee who shall not be the President.

The committee is authorised to appoint a Deputy Chair who will act as chair in the absence of the Chair.

The President may attend committee meetings, and when she elects to do so, will require copies of committee papers.

The President, Chief Finance Officer, Partner and Senior Audit Manager of the firm appointed as Internal Audit and a representative of the Australian National Audit

Office (ANAO) may attend meetings as observers, as determined by the Chair, but will not be members of the committee.

Membership of the committee will be reviewed periodically (but at least every three years) by the President with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.

The committee will adopt and maintain a program of induction, training and awareness-raising for its members, with the objective of enabling the committee to keep abreast of contemporary developments and leading practices in relation to its functions.

Functions

The following responsibilities to be undertaken by the committee in respect of its functions has been determined by the President in consultation with the Chair.

Financial reporting

Responsibilities include:

- ▶ Review the financial statements and provide advice to the President (including recommending their signing by the President). In particular, the committee will review:
 - a) compliance with accounting standards
 - b) the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies
 - c) areas of significant judgement and financial statement balances that require estimation
 - d) significant or unusual transactions
 - e) sign-off by management in relation to the quality of the financial statements, internal controls and compliance
 - f) the auditor's judgments about the adequacy of the accounting policies and the quality of the processes for the preparation of the financial statements, through discussions with the ANAO, and
 - g) whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures.
- ▶ Act as a forum for communication between Commission management and the ANAO.

- ▶ Review the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements.

Performance reporting

Responsibilities include:

- ▶ Review the Commission's systems and procedures for assessing and reporting the achievement of the Commission's performance. In particular, the committee will satisfy itself that:
 - a) the Commission's Portfolio Budget Statements and corporate plan include details of how the Commission's performance will be measured and assessed
 - b) the Commission's approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is sound, and has taken into account guidance issued by the Department of Finance
 - c) the Commission has sound processes in place for the preparation of its annual Performance Statement and the inclusion of the Statement in its annual report,
 - d) the Commission's annual Performance Statement meets the minimum requirements set out in the relevant Resource Management Guide, and
 - e) the Commission's proposed Performance Statement is not inconsistent with the Commission's financial information, including its financial statements, that it proposes to include in its annual report.

Systems of risk oversight and management

Responsibilities include:

- ▶ Review whether management has in place a current and sound enterprise risk management framework and associated internal controls for effective identification and management of business and financial risks, including fraud, and approve the Risk Management Framework.
- ▶ Satisfy itself that a sound approach has been followed in managing the Commission's highest risks including those associated with individual projects, program implementation, and activities.
- ▶ Review the process of developing and implementing fraud control arrangements and satisfy itself that appropriate processes and systems in place to detect, capture and effectively respond to fraud risks.

- ▶ Review reports on fraud from management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk.
- ▶ At least annually, commission and approve a Commission-wide assurance map that identifies the Commission's key assurance arrangements.

System of internal control

Internal control framework

- ▶ Review management's approach to maintaining an effective internal control framework including controls in relation to functions performed by external parties such as contractors and advisers.
- ▶ Review whether management has in place relevant policies and procedures, including Accountable Authority Instructions, and that these are periodically reviewed and updated.
- ▶ Satisfy itself that appropriate processes are in place to assess whether key policies and procedures are complied with.
- ▶ Satisfy itself that management periodically assesses the adequacy of information security arrangements, including complying with Commission reporting obligations.

Legislative and policy compliance

- ▶ Review the effectiveness of systems for monitoring compliance with relevant laws, regulations and associated government policies.
- ▶ Review, where relevant, compliance with International Conventions, particularly the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- ▶ Determine whether management has appropriately considered legal and compliance risks as part of the Commission's enterprise risk management plan.
- ▶ Provide advice to the President regarding the issue of the annual Compliance Report.

Internal audit coverage

- ▶ Review the proposed internal audit coverage, ensure the coverage takes into account key risks, and approve the Internal Audit Work Plan and internal audit budget.
- ▶ Review all audit reports and provide advice to the President on significant issues identified in audit reports and recommend action on significant issues raised, including identification and dissemination of good practice.

- ▶ Obtain an annual report from the Partner of the firm appointed as internal auditor, on the overall state of the Commission's internal controls.

Business continuity management

- ▶ Satisfy itself that a sound approach has been followed in establishing business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

Delegations and authorisations

- ▶ Review whether appropriate policies and associated procedures are in place for the management and exercise of delegations and authorisations.

Ethical and lawful conduct

- ▶ Assess whether management 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.

Other functions

Responsibilities include:

Administration of the internal audit function

- ▶ Periodically review and approve the Internal Audit Charter.
- ▶ Coordinate, to the extent possible, the work programs of internal audit and other assurance or review functions.
- ▶ Monitor management's implementation of internal audit recommendations.
- ▶ Periodically review the performance of internal audit, and report the results to the President, including the adequacy of internal audit resources to allow satisfactory completion of the approved Strategic Internal Audit Plan.
- ▶ Approve the appointment of the internal audit service provider.
- ▶ Where the committee deems it appropriate, periodically meet privately with the Partner of the firm appointed as Internal Auditor.

Other

- ▶ Undertake other activities related to its responsibilities as requested by the President.

Engagement with the ANAO

The committee will engage with the ANAO, as the Commission's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular, the committee will:

- ▶ provide input on planned ANAO financial statement and performance audit coverage.
- ▶ monitor management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations.
- ▶ provide advice to the President on action to be taken on significant issues raised in relevant ANAO reports or better practice guides.
- ▶ where the committee deems it appropriate, meet privately with the ANAO at least once per year.

Authority of the committee

Decisions of the committee that have a significant impact on the operations of the Commission shall be referred to the President for approval, other than:

- ▶ the Internal Audit Charter, Internal Audit Plan and internal audit budget.
- ▶ the appointment, replacement or dismissal of the internal audit service provider.
- ▶ the Risk Management Framework, and
- ▶ the Commission-wide assurance map

that do not require the approval of the President.

Reporting

The committee will regularly update the President on its activities and make recommendations, as appropriate.

The Chair of the committee will report to the President following a meeting of the committee on any matters that the committee considers should be brought to the attention of the President.

The committee will at least once annually confirm to the President that all functions/responsibilities outlined in this charter have been carried out, and comply with any other reporting requirements specified by the President from time to time.

Administrative arrangements

Meetings

The committee will meet at least four times per year. One or more special meetings may be held to review annual financial statements and performance statement, or to meet other responsibilities of the committee.

All committee members are expected to attend each meeting, in person or via tele- or-video conference.

The Chair is required to call a meeting if asked to do so by the President, and decide if a meeting is required if requested by another member, the Partner of the firm appointed as internal auditor or the ANAO.

Planning

The committee will develop a forward 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.

Quorum

A quorum will consist of a majority of committee members. The quorum must be in attendance at all times during the meeting.

Secretariat

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 the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated within two weeks of the meeting to each member and committee observers, as appropriate.

Conflicts of interest

Once each year, members of the committee will provide written declarations, through the Chair, to the President declaring any material personal interests they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations and the President, in consultation with the Chair, 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 if he/she should excuse themselves from the meeting or from the committee's consideration of the relevant agenda item(s). Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Induction

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


Assessment arrangements

The Chair of the committee will initiate a self-assessment of the performance of the committee at least once every two years. The review will involve input from the President, each committee member, and any other relevant stakeholders, as determined by the committee. Review of charter

At least once a year the committee will review this charter. This review will include consultation with the President.

Any substantive changes to the charter will be recommended by the committee and formally approved by the President.

Approved.



Emeritus Professor Rosalind Croucher AM
President

8 December 2019