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**Great Barrier Reef
Marine Park Authority**

**GREAT BARRIER REEF
MARINE PARK AUTHORITY
AUDIT AND RISK MANAGEMENT
COMMITTEE**

CHARTER OF OPERATION

Agreed by the Audit Committee at AC 86, 27 March 2020

**Approved by the Accountable Authority of the
Great Barrier Reef Marine Park Authority, 21 May 2020**

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ESTABLISHMENT OF THE GREAT BARRIER REEF MARINE PARK AUTHORITY AUDIT AND RISK MANAGEMENT COMMITTEE

- 1 The Accountable Authority of the Great Barrier Reef Marine Park Authority (Authority) has established an Audit and Risk Management Committee (Committee) in compliance 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).

Summary of Functions

- 2 The primary function of the Committee is to provide independent advice and assistance to the Accountable Authority in respect of the appropriateness of:
 - a) Financial reporting
 - b) Performance reporting
 - c) The system of risk oversight and management
 - d) The system of internal control, for the entity.
- 3 In support of this primary function, the Committee is also responsible for:
 - a) Monitoring the effectiveness of the internal audit function
 - b) Monitoring the effectiveness of the external audit function
 - c) Monitoring the effectiveness of business continuity management
 - d) Assessing whether the Accountable Authority has taken steps to embed a culture which promotes ethical and lawful behaviour
 - e) Ensuring the Authority has appropriate mechanisms in place to review relevant parliamentary committee reports, external reviews and evaluations and implement, where appropriate, any resultant recommendations
 - f) Ensuring the Authority has appropriate mechanisms in place to ensure compliance with the Authority's specific legislative requirements
 - g) Periodic review of the Authority's governance arrangements and suggesting improvements, where appropriate, to the Accountable Authority
 - h) Reviewing the processes in place designed to ensure the financial information included in the Authority's annual report is consistent with the signed financial statements.
- 4 The Committee is not responsible for the executive management of any of the functions listed at paragraphs 2 and 3 above. The Committee will engage with officials in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the Accountable Authority.

Authority

- 5 The Accountable Authority authorises the Committee, in accordance with its functions and responsibilities, to:
 - a) Obtain any information it requires from any official or external party (subject to any legal obligation to protect information)
 - b) Discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations)
 - c) Request the attendance of any official, including the Accountable Authority, at Committee meetings

- d) Obtain legal or other professional advice, as considered necessary to fulfil its functions, at the Authority's expense to a pre-approved limit of \$5,000 in accordance with the Authority's procurement processes and whole-of-government directions and, after that, subject to separate written approval by the Accountable Authority, or his or her delegate.

Membership

- 6 The Committee comprises at least three and not more than five members, appointed by the Accountable Authority.
- 7 The Accountable Authority will appoint the Chair of the Committee.
- 8 The Committee is authorised to appoint a Deputy Chair who will act as Chair in the absence of the Chair.
- 9 All Committee members must be persons who are not officials of the Authority, and a majority of the members must be persons who are not officials of any Commonwealth entity. The Chair will be a person who is not an official of any Commonwealth entity.
- 10 Committee members will be appointed for an initial period of not more than three years as determined by the Accountable Authority. Members may be re-appointed after a formal review of their performance, for further periods as specified by the Accountable Authority, but will generally not be appointed for a total period in excess of five years.
- 11 The Accountable Authority; the Chairperson of the Great Barrier Reef Marine Park Authority (the Board); the General Manager, Corporate Services; the Director, Finance/Chief Finance Officer; and the Fraud Liaison Officer (Director, Legal Services) may attend meetings as advisers or observers, as determined by the Chair of the Committee, but will not be members of the Committee. Other Authority officials may also attend meetings, or parts thereof, as determined by the Chair of the Committee, but will also not be members of the Committee.
- 12 Representative(s) of the ANAO, internal and external audit may be invited to attend meetings of the Committee, or parts thereof, as advisers or observers, but will not be members of the Committee.

Functions

13 The functions of the Committee include:

Financial reporting

- 14 Review the financial statements and provide advice to the Accountable Authority; including recommending their signing by the Accountable Authority. In particular, the Committee will review:
- a) The Authority's compliance with accounting standards, including an assessment of the appropriateness of accounting policies and disclosures
 - b) Areas of significant judgement and financial statement balances that require estimation
 - c) Any significant changes to accounting policies and practices
 - d) Significant or unusual transactions, not covered by b) or c) above
 - e) Sign-off by Authority officials in relation to the quality of the financial statements, internal controls and compliance
 - f) Whether appropriate management action has been taken in response to any issues raised by the ANAO or external audit providers, including financial statement adjustments or revised disclosures.
- 15 Provide advice to the Accountable Authority on the appropriateness of:
- a) 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
 - b) Processes and systems for preparing financial reporting information
 - c) Financial record keeping
 - d) 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.
- 16 Provide advice to the Accountable Authority:
- a) As to whether the annual financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance
 - b) As to 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) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance
 - c) In respect of the appropriateness of the entity's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.
- 17 Act as a forum for communication between Authority officials, the ANAO and external audit providers (noting communication will also occur directly between the parties, as required).
- 18 Discuss with the ANAO the auditor's judgments about the adequacy of the Authority's accounting policies and the quality of the Authority's processes for the preparation of the Authority's financial statements.

Performance reporting

- 19 Review and provide advice to the Accountable Authority on the appropriateness of the systems and procedures for assessing, monitoring and reporting on achievement of the Authority's performance. In particular, the Committee could satisfy itself that:
 - a) The Authority's Portfolio Budget Statements and corporate plan contain appropriate details of how the Authority's performance will be measured and assessed
 - b) The Authority's approach to measuring its performance throughout the financial year against the performance measures included in its 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) The Authority has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.
- 20 Review the annual performance statements and provide advice to the Accountable Authority on their appropriateness to the Authority.
- 21 Provide a statement to the Accountable Authority whether, in their view, the annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management

- 22 Review and provide advice to the Accountable Authority as to the appropriateness of the Authority's enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the entity's risks, in keeping with the Commonwealth Risk Management Policy, including systems for reporting on risk.
- 23 Satisfy itself that management has assessed the impact of the Authority's enterprise risk management policy framework on the Authority's control environment, and insurance arrangements.
- 24 Review the process of developing and implementing the Authority's fraud control arrangements, and satisfy itself that the Authority has appropriate processes and systems in place to detect, capture and effectively respond to fraud risks.
- 25 Review reports on fraud that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in the Authority.
- 26 Provide a statement to the Accountable Authority whether, in their view, the 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.

System of internal control

- 27 Review and provide advice to the Accountable Authority as to the appropriateness of the Authority's:

Internal control framework

- 28 Review management'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,
- 29 Review whether management has in place relevant policies and procedures, including Accountable Authority Instructions or their equivalent, and delegations and authorisations, and that these are periodically reviewed and updated.

Legislative and policy compliance

- 30 Review the effectiveness of systems for monitoring the Authority's compliance with laws, regulations and associated government policies with which the Authority must comply.
- 31 Determining whether management has adequately considered legal and compliance risks as part of the Authority's enterprise risk management framework, fraud control framework and planning.

Security compliance

- 32 Review management's approach to maintaining an effective internal security system (including complying with the Protective Security Policy Framework).
- 33 Provide a statement to the Accountable Authority as to whether the system of internal control is appropriate for the Authority, with reference to any specific areas of concern or suggestions for improvement.

Other functions

Internal audit

- 34 Review the proposed internal audit coverage, ensure the coverage takes into account the Authority's key risks, and recommend approval of the Annual Work Plan by the Accountable Authority or the nominated delegate.
- 35 Advise the Accountable Authority on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit work plan.
- 36 Review all internal audit reports and provide advice to the Accountable Authority on major concerns identified in those reports, and recommending action on significant issues raised – including identification and dissemination of information on good practice.
- 37 Monitor management's implementation of internal audit recommendations.
- 38 Periodically review and approve the internal audit charter.
- 39 Periodically review the performance of internal audit, and report the results to the Accountable Authority.
- 40 Provide advice to the Accountable Authority on the appointment or termination of the head of internal audit and/or any outsourced provider.
- 41 Periodically meet privately with the head of internal audit and/or any outsourced provider.
- 42 Periodically review the internal audit structure, independence and access to the Authority's senior management, the Committee and the Accountable Authority.

External audit

- 43 Act as a forum for communication between Authority officials, the ANAO and external audit providers in relation to both financial statements and performance audits (noting communication will also occur directly between the parties, as required).
- 44 Discuss with the ANAO the auditor's judgments about the adequacy of the Authority's accounting policies and the quality of the Authority's processes for the preparation of the Authority's financial statements.
- 45 Assess the quality and effectiveness of the audit conducted and evaluate the performance of the external auditor.
- 46 Review the external audit plan for coverage of material risks and financial reporting requirements.
- 47 Monitor and review external audit independence and objectivity.
- 48 Discuss with the external auditors matters relating to the conduct of the audit, including any difficulties encountered, any restrictions on scope of activities or access to information, significant disagreements with management and the adequacy of management response.
- 49 Meet privately with the ANAO at least once each year.

Business continuity management

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

Ethical and lawful behaviour

- 51 Assess whether the Accountable Authority has taken steps to embed a culture that promotes the proper use and management of Commonwealth resources, and is committed to ethical and lawful behaviour.

Parliamentary committee reports, external reviews and evaluations

- 52 Satisfy itself that the Authority has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the Authority or other relevant entities (for example, those pertaining to all non-corporate entities), and implementing, where appropriate, any resultant recommendations.

Compliance with the Authority's specific legislative requirements

- 53 Satisfy itself that the Authority has systems and processes in place to ensure the Authority's specific legislative requirements are complied with.

Governance arrangements

- 54 Periodically review the Authority's governance arrangements, or elements of the arrangements as determined by the Accountable Authority, and suggest improvements, where appropriate, to the Accountable Authority.

Annual Report

- 55 Review the processes in place designed to ensure the financial information included in the Authority's annual report is consistent with the signed financial statements.

ADMINISTRATIVE ARRANGEMENTS

Meetings

- 56 The Committee will meet at least four times per year. One or more special meetings may be held to review the Authority's annual financial statements and performance statements, or to meet other specific responsibilities of the Committee.
- 57 The Chair is required to call an out-of-session meeting if asked to do so by the Accountable Authority, and decide if a meeting is required if requested by a member, internal audit or the ANAO.

Quorum

- 58 A quorum will consist of a majority of Committee members. The quorum must be in place at all times during the meeting.
- 59 Meetings can be held in person, by telephone or by video-conference.

Secretariat

- 60 The Accountable Authority, in consultation with the Committee, will appoint a person to provide secretariat support to the Committee.
- 61 The Secretariat will:
- a) Ensure the agenda for each meeting is approved by the Chair
 - b) Circulate the agenda and supporting papers to members and other meeting attendees, as appropriate, at least seven calendar days before the meeting
 - c) Ensure the minutes of meetings are prepared and maintained. Aim to provide draft minutes to the Chair within seven calendar days after the meeting, and help ensure the minutes are circulated in a timely manner to each member, and to Committee advisers and observers, as appropriate.

Annual Work Plan

- 62 The Committee will prepare an annual work plan that outlines the activities to be undertaken to achieve the Committee's functions as outlined in this Charter.
- 63 The Committee will develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year.

Reporting

- 64 The Committee will, as often as necessary, and at least once per year, report to the Accountable Authority on its operation and activities during the year, and confirm to the Accountable Authority that all functions outlined in this Charter have been satisfactorily addressed.
- 65 The Committee may, at any time, report to the Accountable Authority 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 Accountable Authority.

Conflicts of Interest

- 66 Once each year, members of the Committee will provide written declarations, through the Chair, to the Accountable Authority, 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, and the Accountable Authority, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.
- 67 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 the Accountable Authority, where appropriate, if he or 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.

Disclosure of Information

- 68 Committee members must not use or disclose information obtained by the Committee except in fulfilling the Committee's functions, or unless expressly agreed by the Accountable Authority.

Sub-committees

- 69 The Committee may establish one or more sub-committee(s) to assist the full Committee in meeting its responsibilities, in consultation with the Accountable Authority.
- 70 The responsibilities, membership and reporting arrangements for each sub-committee shall be documented and approved by the full Committee.
- 71 Committee sub-committees should not assume any management functions, nor should management exert inappropriate influence over the work of sub-committees.

Audit and Risk Management Committee Insurance Coverage

- 72 Audit and Risk Management Committee members, to the extent that it is lawful to do so, are covered under Comcover's Statement of Cover section 7 General Liability and Professional Liability and the Authority's Schedule of Cover, whilst acting in good faith in fulfilment of their duties and responsibilities to the Authority.

Induction

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

REVIEW OF THE CHARTER OF OPERATION

- 74 This Charter has been prepared with reference to *Resource Management Guide 202: A guide for non-corporate Commonwealth entities on the role of audit committees (March 2020)*, and the *Model Charter for Audit Committee* (as available on the Department of Finance finance.gov.au website on 12 March 2020).

- 75 At least once a year, the Committee will review this Charter. This review will include consultation with the Accountable Authority.
- 76 Any substantive changes to this Charter will be recommended by the Committee, and formally approved by the Accountable Authority.

ASSESSMENT ARRANGEMENTS

- 77 The Chair of the Committee, in consultation with the Accountable Authority, will undertake a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Accountable Authority), with appropriate input sought from the Accountable Authority, Committee members, senior management, internal audit, the ANAO, and any other relevant stakeholders, as determined by the Accountable Authority.
- 78 The Chair will provide advice to the Accountable Authority on a member's performance, where an extension of the member's tenure is being considered.

APPROVED

- 79 This Audit and Risk Management Committee Charter of Operation was approved by the Accountable Authority of the Great Barrier Reef Marine Park Authority on 21 May 2020.