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Australian Government

Great Barrier Reef
Marine Park Authority

GREAT BARRIER REEF MARINE PARK AUTHORITY

AUDIT AND RISK MANAGEMENT COMMITTEE

CHARTER OF OPERATIONS

**Agreed by the Audit Committee at 98, 20/03/2023
Approved by the Accountable Authority of the
Great Barrier Reef Marine Park Authority, 30/03/2023**

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Audit and Risk Management Committee – Charter of Operations

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Comments and questions regarding this document are welcome and should be addressed to:



Australian Government

**Great Barrier Reef
Marine Park Authority**

Great Barrier Reef Marine Park Authority
280 Flinders Street
(PO Box 1379)
Townsville QLD 4810, Australia

Phone: (07) 4750 0700
Email: info@gbmpa.gov.au
www.gbrmpa.gov.au

Audit and Risk Management Committee – Charter of Operations

Contents

Establishment of the Audit and Risk Management Committee	4
Summary of Functions	4
Authority	4
Membership	5
Functions	6
Financial reporting	6
Performance reporting	6
System of risk oversight and management	7
System of internal control	7
Administrative arrangements	9
Meetings	9
Quorum	10
Secretariat	10
Annual Work Plan	10
Reporting	10
Annual Reporting Requirements	10
Conflicts of Interest	11
Disclosure of Information	11
Sub-committees	11
Audit and Risk Management Committee Insurance Coverage	11
Induction	12
Review of the Charter of operation	12
Assessment arrangements	12
Approved	12

Audit and Risk Management Committee – Charter of Operations

Establishment of the Audit and Risk Management Committee

1. The Accountable Authority of the Great Barrier Reef Marine Park Authority (the Reef Authority) establishes 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 the Reef Authority's:
 - a) financial reporting,
 - b) performance reporting,
 - c) system of risk oversight and management, and
 - d) system of internal control.
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 Reef 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 Reef Authority has appropriate mechanisms in place to ensure compliance with the Reef Authority's specific legislative requirements.
 - g) Periodic review of the Reef 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 Reef 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.
5. At formal meetings and in other communication, 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

6. The Accountable Authority authorises the Committee, in accordance with its functions and responsibilities, to:
 - a) Seek 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.

Audit and Risk Management Committee – Charter of Operations

- d) Obtain legal or other professional advice, as considered necessary to fulfil its functions, at the Reef Authority's expense to a pre-approved limit of \$5000 in accordance with the Reef 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

7. The Committee comprises at least three and not more than five members, appointed by the Accountable Authority¹.
8. The Accountable Authority will appoint all members to the Committee, including one member to be the Chair of the Committee.
9. The Committee is authorised to appoint an acting Chair from the Committee's membership in the event the Chair is absent.
10. In appointing members to the Committee, the Accountable Authority will have regard to the appropriateness of their qualifications, knowledge, skills or experience to assist the Committee to perform its functions in the context of the agency. At least one member of the committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.
11. All Committee members must be persons who are not officials of the Reef 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.
12. Committee members will be appointed for an initial period of no 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. The membership of the committee will be reviewed periodically by the Accountable Authority to support an appropriate balance between the continuity of membership, the contribution of fresh perspectives and suitable mix of qualifications, knowledge, skills and experience.
13. Members of the Committee must operate in the best interests of the Reef Authority and understand and observe the legal requirements of the *PGPA Act* and *PGPA Rule* and any official guidance relevant to performing their functions.
14. A member may resign at any time by giving written notice to the Accountable Authority. The resignation will take effect when the notice is received by the Accountable Authority, or later if stated in the notice.
15. The Accountable Authority may attend meetings as an observer and not be a member, noting the Committee may, for some discussions, wish to meet *in camera*.
16. The Chairperson of the Great Barrier Reef Marine Park Authority (the Board) and Reef Authority officials may also attend meetings, or parts thereof, as determined by the Chair of the Committee, but will not be members of the Committee.
17. The Reef Authority will provide an official to undertake secretariat duties for the Committee, this officer will not be a member of the Committee.

¹ Having regard to the requirements under the PGPA Act, PGPA Rule, and guidance from the Department of Finance.
Charter of Operations

Audit and Risk Management Committee – Charter of Operations

18. 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

19. The functions of the Committee include:

Financial reporting

20. 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 Reef 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 Reef 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.
21. 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.
22. 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.

Performance reporting

23. The Committee will review the appropriateness of the Accountable Authority's performance reporting for the Entity (subsection 17(2)(b) of the PGPA Rule). This requires the Committee to review the performance information systems and framework and the completeness and appropriateness of the Entity's performance reporting – including compliance with the mandatory requirements of the PGPA Act, the PGPA Rule and the Commonwealth performance framework and supporting guidance.

Audit and Risk Management Committee – Charter of Operations

24. The Committee will review and provide independent advice— including a written statement – to the Accountable Authority, at the end of each year, as to whether:
- The Reef Authority's Portfolio Budget Statements and corporate plan contain appropriate details of how the Reef Authority's performance will be measured and assessed.
 - The Reef 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 Framework. This may include reviewing over time, particular elements of the performance measures.
 - The Reef Authority has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.
 - The Reef Authority's annual performance statements and the performance reporting as a whole, comply with the PGPA Act and the PGPA Rule, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management

25. The committee will review and provide advice to the Accountable Authority on the appropriateness of the Reef Authority's:
- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the Reef Authority's risks, in keeping with the Commonwealth Risk Management Policy, including systems for reporting on risk.
 - approach to managing the Reef Authority's key risks including those associated with individual projects and program implementation and activities.
 - process for developing and implementing the Reef Authority's fraud control arrangements consistent with the fraud control framework and satisfy itself that the Reef Authority has adequate processes for detecting, capturing and effectively responding to fraud risks in accordance with section 10 of the PGPA Rule.
 - Articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the Reef Authority.
26. Provide a statement to the Accountable Authority whether, in their view, the Accountable Authority's 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. The committee 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 equivalent, and delegations and authorisations — and that these are periodically reviewed and updated.

Audit and Risk Management Committee – Charter of Operations

Legislative and policy compliance

30. Review the effectiveness of systems for monitoring the Reef Authority's compliance with laws, regulations and associated government policies with which the Reef Authority must comply.
31. Determine whether management has adequately considered legal and compliance risks as part of the Reef 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 Reef Authority, with reference to any specific areas of concern or suggestions for improvement.

Internal audit

34. Review the proposed internal audit coverage, ensure the coverage takes into account the Reef 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, provide advice to the Accountable Authority on major concerns identified in those reports, and recommend 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 Reef Authority's senior management, the Committee and the Accountable Authority.

External audit

43. Act as a forum for communication between Reef 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 Reef Authority's accounting policies and the quality of the Reef Authority's processes for the preparation of the Reef Authority's financial statements.

Audit and Risk Management Committee – Charter of Operations

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 Reef Authority business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested.

Ethical and lawful behaviour

51. Assess whether the Accountable Authority takes 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 Reef Authority has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the Reef Authority or other relevant entities (for example, those pertaining to all non-corporate entities), and implementing, where appropriate, any resultant recommendations.

Compliance with the Reef Authority's specific legislative requirements

53. Satisfy itself that the Reef Authority has systems and processes in place to enable compliance with its specific compliance obligations.

Governance arrangements

54. Periodically review the Reef 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 Reef 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, either in-person or virtually. One or more special meetings may be held to review the Reef Authority's annual financial statements and performance statements, or to meet other specific responsibilities of the Committee.

Audit and Risk Management Committee – Charter of Operations

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 or relevant delegate, 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.
 - d) Maintain records of all meeting papers, minutes and actions arising register, 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.

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 at the last meeting of each calendar year.

Reporting

64. The Committee will meet 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 addressed satisfactorily.
65. The Committee may, at any time, report to the Accountable Authority any other matter (within the scope of the committee or a member's expertise) it deems of sufficient importance. In addition, at any time, an individual Committee member may request a meeting with the Accountable Authority.

Annual Reporting Requirements

66. In accordance with Section 17AG, clause 2a of the PGPA Rule the Committee will produce a report to be included in the Reef Authority's Annual Report which includes:

Audit and Risk Management Committee – Charter of Operations

- a) A direct electronic address of the charter determining the functions of the audit committee for the Reef Authority,
- b) The name of each member of the audit committee during the relevant financial year,
- c) The qualifications, knowledge, skills or experience of those members,
- d) Information about each of the committee members' attendance at meetings of the committee during the respective financial year; and
- e) The remuneration of each committee member.

Conflicts of Interest

- 67. 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.
- 68. Members with an actual or perceived conflict of interest will notify the Committee as soon as these issues become apparent. Conflicts of interest will be managed as agreed by the Chair. If the Chair has an actual, perceived or potential conflict it will be managed with the Accountable Authority, or in the Accountable Authority's absence the Deputy Chair.
- 69. 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

- 70. 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

- 71. 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.
- 72. The responsibilities, membership and reporting arrangements for each sub-committee shall be documented and approved by the full Committee.
- 73. 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

- 74. 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

Audit and Risk Management Committee – Charter of Operations

Liability and the Reef Authority's Schedule of Cover, whilst acting in good faith in fulfilment of their duties and responsibilities to the Reef Authority.

Induction

75. The Secretariat will provide new members relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

Review of the Charter of operation

76. 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* (September 2021), and the *Model Charter for Audit Committee* (as available on the Department of Finance finance.gov.au website in September 2022).
77. At least once a year, the Committee will review this, Charter. This review will include consultation with the Accountable Authority. The Accountable Authority may elect to review the Charter at any time, giving notice to the Chair as to his / her reasons.
78. Any substantive changes to this Charter will be recommended by the Committee, and formally approved by the Accountable Authority.

Assessment arrangements

79. 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.
80. 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

81. This Audit and Risk Management Committee Charter of Operation was approved by the Accountable Authority of the Great Barrier Reef Marine Park Authority on 30 March 2023.