



**DAFF Audit & Risk Committee
Charter 2024**

Effective date: May 2024

1. Establishment

The Audit and Risk Committee (the Committee) is established by the Accountable Authority (Secretary) of the Department of Agriculture, Fisheries and Forestry (the department) in compliance with subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

2. Authority

The Accountable Authority authorises the Committee, within the scope of its role and responsibility, to:

- obtain information from any official, employee or external party (subject to legal obligation to protect information)
- discuss any matters with internal or external auditors (subject to confidentiality considerations)
- refer Internal Audit reports or other information to department management committees as required
- request the attendance of any official or employee, including the Accountable Authority or an external party, at meetings
- obtain independent legal or other professional advice to meet its responsibilities, if necessary, at the department's expense and approved by the Accountable Authority or delegate.

3. Functions

The Accountable Authority has determined the functions of the Committee as set out in this charter, in compliance with subsection 45(2) of the PGPA Act and subsections 17(1) and 17(2) of the *Public Governance, Performance and Accountability Rule 2014* (the Rule).

The Committee reviews the appropriateness of the Accountable Authority's:

- financial reporting
- performance reporting
- system of risk oversight and management
- system of internal control.

a. Financial Reporting

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

- annual financial statements
- processes and systems for preparing financial reporting information.

The Committee will provide a statement to the Accountable Authority:

- whether the annual financial statements in, the Committee's view, comply with the
 - PGPA Act

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- PGPA Rule
 - the Accounting Standards
 - supporting guidance.
- in respect of the appropriateness of the department's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

b. Performance Reporting

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

- the department's Portfolio Budget Statements and corporate plan contain appropriate details of how the department's performance will be measured and assessed
- the department'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
- the department has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.

The Committee will review the annual performance statements and provide advice to the Accountable Authority on their appropriateness to the department.

The Committee will provide a statement to the Accountable Authority whether, in the Committee's view, the Accountable Authority's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

c. System of Risk Oversight and Management

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

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the department's risks, in keeping with the Commonwealth Risk Management Policy (CRMP) for non-corporate Commonwealth entities (NCEs)
- approach to managing the department's key risks – including those associated with individual projects and program implementation activities
- articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the department.

The Committee will provide a statement to the Accountable Authority whether in the Committee's view, the Accountable Authority's system of risk oversight and management as a whole is appropriate (with reference to the CRMP for NCEs) and any specific areas of concern or suggestions for improvement.

d. System of Internal Control

The Committee will review and provide advice on the appropriateness of the Accountable Authority's system of internal control. This will include:

(i) System of internal control framework

- Considering the appropriateness of the Accountable Authority's system of internal control by taking into account assurances and reports relating to the controls listed below that are presented to the Committee and that have been prepared by the department, the Internal Audit Function, and external scrutineers.

(ii) Legislative and policy compliance

- reviewing the effectiveness of systems for monitoring the department's compliance with laws, regulations, and associated government policies with which the department must comply
- satisfying itself that management has adequately considered legal and compliance risks as part of the department's enterprise risk management framework, fraud control framework and planning.

(iii) Security compliance (including information security)

- reviewing management's approach to maintaining an effective internal security system (including applying the Protective Security Policy Framework).

(iv) Information and communication technology

- satisfying itself that the department has an appropriate approach to establish and maintain information and communication technology systems.

(v) Business continuity and disaster recovery

- satisfying itself that an appropriate approach has been taken in establishing business continuity planning arrangements—including whether business continuity and disaster recovery plans have been periodically updated and tested.

(vi) Internal audit coverage

- reviewing proposed internal audit coverage, ensuring that the coverage takes into account the department's primary risks, and recommending approval of the annual Internal Audit Program (IA Program) by the Accountable Authority
- reviewing all IA Program reports, providing advice to the Accountable Authority on major concerns identified in those reports, and recommending action on significant matters raised—including identification and dissemination of information on good practice.

(vii) External scrutineer reports accountability

- satisfying itself that the department has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews, and evaluations of the department, and assigning responsibility and accountability for implementing any agreed recommendations or actions directed to the department.

(viii) Recommendations management

- reviewing the status of implementation of agreed recommendations directed to the department by parliamentary committees; Australian National Audit Office

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(ANAO) financial statements, performance statements and performance audits; Inspectors-General reviews; Gateway Reviews; and other relevant external scrutineer reports

- satisfying itself that the department has appropriate mechanisms to manage and action recommendations appropriate to the business risk they embody
- reviewing the closure by management of agreed recommendations from ANAO financial and performance statements audits, ANAO performance audits, and JCPAA reviews to determine whether management has demonstrated sufficient verification of implementation to warrant closure
- reviewing the status of implementation of agreed recommendations from IA Program reports, and the closure by management of agreed recommendations to determine whether management has demonstrated sufficient verification of implementation to warrant closure.

(ix) WHS

- satisfying itself that the department has appropriate systems in place to manage WHS risks and comply with WHS legislation.

(x) Procurement

- satisfying itself that the department has appropriate arrangements in place to manage procurement and comply with legislation and the Commonwealth Procurement Framework.

(xi) Grants

- satisfying itself that the department has appropriate systems in place to manage grants and comply with the Commonwealth Grants Policy Framework.

(xii) Governance

- satisfying itself that the department has appropriate governance arrangements in place, and that governance committees provide necessary assurances to the Accountable Authority
- reviewing the department's Accountable Authority Instructions (AAIs) and satisfying itself that they are appropriate, and that the department has appropriate systems in place to update the AAIs.

(xiii) Fraud control

- satisfying itself that the process for developing and implementing the department's fraud control arrangements is consistent with the Commonwealth Fraud Control Framework (Fraud Policy, Fraud Rule and Fraud Guidance)
- satisfying itself that the department has adequate processes for detecting, capturing and effectively responding to fraud risks
- satisfying itself that management has taken steps to embed a culture that promotes the proper use and management of public resources and ethical and lawful conduct.

(xiv) Conflicts of interest

- satisfying itself that the department has appropriate systems in place to manage conflicts of interest.

(xv) Project governance and assurance

- satisfying itself that the department has an appropriate approach to managing programs and projects.

(xvi) Regulation

- satisfying itself that the department has appropriate systems in place to manage its regulatory obligations

The Committee will provide a statement to the Accountable Authority whether the Accountable Authority's system of internal control is appropriate for the department, with reference to any specific areas of concern or suggestions for improvement.

The Accountable Authority has determined that the Committee should undertake the following additional function:

(i) Oversight of the program of works being undertaken by the Transformation Taskforce

The Committee will provide a statement to the Accountable Authority whether the department's approach relating to topics listed as additional functions above is appropriate for the department, with reference to any specific areas of concern or suggestions for improvement.

4. Membership

The Committee will consist of at least three independent members, where independent is defined by the Department of Finance.

Collectively, members will have suitable skills and experience relevant to the operations of the Portfolio. At least one member will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.

Members are appointed by the Accountable Authority for a term determined by the Accountable Authority. The Accountable Authority appoints a member as Chair. The Chair appoints a Deputy Chair.

A member may resign at any time by giving written notice to the Accountable Authority (copied to the Chair and Chief Internal Auditor). The resignation will take effect when the notice is received by the Accountable Authority, or later if stated in the notice.

Members will declare any conflict of interest (actual or perceived) and will complete a written conflict of interest declaration annually.

Members of the Committee must operate in the best interests of the department and understand and observe the legal requirements of the PGPA Act and PGPA Rule and any official guidance relevant to performing their functions.

5. Sub-committees

Sub-committees may be established by the Committee in consultation with the Accountable Authority to assist the Committee in meeting its responsibilities.

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The Chair of any sub-committee must be a member of the Committee. APS employees with suitable experience and knowledge may be appointed as members of sub-committees.

The responsibilities, membership and reporting arrangements for each sub-committee will be documented and approved by the Committee.

The sub-committees do not assume any management functions. Management must not exert inappropriate influence over the work of sub-committees.

6. Conduct of the Committee

The Committee is responsible to the Accountable Authority for the performance of its functions.

It has no executive powers in relation to the operations of the department. The Committee may only review the appropriateness of particular aspects of department operations consistent with its functions and advise the Accountable Authority accordingly.

To support the department to achieve better business outcomes, the Committee will engage with management in a timely, constructive and professional manner in discharging its advisory responsibilities and formulating advice to the Accountable Authority.

The Internal Audit function will assist the Committee to discharge its responsibilities by providing access to all internal audit reports.

7. Reporting

The Chair will report to the Accountable Authority after each meeting.

The Committee may report as often as necessary to the Accountable Authority and the department's governance committees on its view on the appropriateness of the functions it reviews. The Committee may report (collectively or individually) to the Accountable Authority at any time on any matter it deems important.

The Committee will report annually to the Accountable Authority. The annual report will include the Committee's operation and activities including that all functions outlined in this Charter have been satisfactorily addressed.

8. Consultation

The Committee will develop and maintain open and constructive relationships with the department's executive committees, Internal Audit Function, and the Committee secretariat.

The Committee will collaborate to ensure a strategic approach is taken to provide advice on the appropriateness of the department's governance frameworks.

9. Administrative Arrangements

a. Meetings

The Committee will meet at least four times a year. One or more special meetings may be held to review annual financial statements and performance statements or to meet other specific responsibilities.

The Chair will call a meeting if asked to do so by the Accountable Authority, and decide if a meeting is required if requested by another member, the Internal Audit Function or the ANAO.

b. Quorum

A quorum is at least two members. The quorum must be in place at all times during the meeting.

c. Attendance

The Accountable Authority, Chief Operating Officer, Chief Financial Officer, General Counsel, Chief Risk Officer, Chief Internal Auditor, Chief Information Officer and Senior Executive Officers (or their equivalent) may attend meetings as observers or advisers, as determined by the Committee.

Representatives of the ANAO may attend as observers.

d. Planning

The Committee will contribute to, and approve, an annual work plan and meeting schedule that includes the date, location, and proposed agenda items for each meeting for the forthcoming year and covers all the functions outlined in this Charter.

e. Assessing Performance

The Committee's, sub-committees' and members' performance, will be reviewed at least every two years. The review, conducted on a self-assessment basis, will seek input from Committee members, advisors and observers, senior management and any other relevant stakeholders.

f. Secretariat

Secretariat support is provided to the Committee and its' sub-committees by the Secretariat Function in the Internal Audit Section.

The Secretariat support includes arranging meetings; the preparation of work plans and agendas; inviting presenters; requesting, coordinating and circulating papers; recording minutes; tracking actions; and the retention of minutes, records and correspondence from the Committee in the department's records management system.

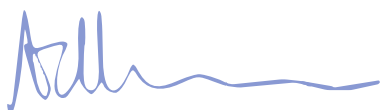
The secretariat will also:

- highlight any confidential and privacy requirements relating to information obtained by the committee in meeting its responsibilities
- develop and maintain a program of induction, to help new committee members meet their commitments.

In performing its secretariat functions, the secretariat is an instrument of the Committee.

10. Review of the ARC Charter

At least once a year, the Committee will review this Charter. Any substantive changes will be recommended by the Committee and formally approved by the Accountable Authority.



Mr Adam Fennessy PSM
Secretary, Department of Agriculture, Fisheries and Forestry