

OIGAC Audit and Risk Committee

CHARTER

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OIGAC AUDIT AND RISK COMMITTEE


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Signature	
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Definition of Terms

AED	Agency Executive Director
ANAO	Australian National Audit Office
CFO	Chief Financial Officer
Executive Team	Inspector-General of Aged Care, AED and OIGAC Section Directors
OIGAC	Office of the Inspector-General of Aged Care

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AUDIT AND RISK COMMITTEE

Introduction

The Inspector-General of Aged Care (Inspector-General), as the Accountable Authority for the Office of the Inspector-General of Aged Care (OIGAC), has established the Audit and Risk Committee (the Committee) in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the *PGPA Rule - Audit Committee for Commonwealth entities* (the Rule).

Role

The Committee's role is to provide independent oversight and advice to the Inspector-General on the OIGAC's performance and financial reporting, risk oversight and management, and system of internal control.

The Committee is not responsible for the executive management of these functions. This responsibility sits with the Inspector-General, Agency Executive Director (AED) and the broader management team within OIGAC.

The Committee will engage with OIGAC management (i.e. the AED and the Chief Finance Officer (CFO)) in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the Inspector-General.

Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and the Rule. Members are also expected to:

- act in the best interests of the OIGAC as a whole
- apply good analytical skills, objectivity and sound judgment
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
- provide advice that takes into account the OIGAC's strategy and key risks
- contribute the time required to meet their responsibilities
- Committee Members must not use, or disclose, information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the Inspector-General or the AED.

The Committee will exercise a governance role in relation to the OIGAC's audit and assurance program, subject to approval by the Inspector-General.

Authority

The Inspector-General authorises the Committee, in accordance with its role and responsibilities, to:

- obtain any information it needs from any official or external party (subject to any legal obligation to protect information)
- discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations)
- request the attendance of any official, including the Inspector-General, at Committee meetings
- obtain external legal or other professional advice, as considered necessary to fulfil its role, at the

OIGAC's expense, subject to approval by the Inspector-General, or delegate (with such approval not to be unreasonably withheld).

Membership

The Committee comprises of up to four independent Members, including the Chair, and all appointments are made by the Inspector-General or AED.

Committee Members, taken collectively, will have a broad range of skills and experience relevant to the scope of work undertaken by the OIGAC. 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.

Committee Members will be appointed for an initial period determined by the Inspector-General or AED. The Chair of the Committee will be appointed for a minimum of at least three years, with an option to extend. Members will normally be appointed for a specified period not exceeding 3 years after which they may be eligible for extension or re-appointment, following a formal review of their performance and subject to the complementary skills and experience of the other Members.

The Inspector-General, AED, CFO, and other members of the OIGAC Executive team cannot be appointed as Members of the Committee but may attend meetings as Observers.

A representative(s) of the ANAO will be invited to attend meetings of the Committee, as an Observer.

FUNCTIONS

The Committee is directly responsible and accountable to the Inspector-General for the performance of their functions identified in this Charter. These may be revised, at any time, by the Inspector-General.

Performance reporting

In reviewing the appropriateness of the OIGAC's performance, reporting as a whole the Committee is to review OIGAC's systems and processes for developing, measuring and reporting the achievement of the OIGAC's performance.

In particular, the Committee will:

- satisfy itself that the OIGAC's Portfolio Budget Statements and Corporate Plan include details of how the OIGAC's performance will be measured and assessed
- satisfy itself that the OIGAC'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
- satisfy itself that the OIGAC has sound processes in place for the preparation of its Annual Performance Statement and its inclusion in the OIGAC's Annual Report
- satisfy itself that the OIGAC's proposed Performance Statement is consistent with the OIGAC's financial information, including its financial statements that it proposes to include in the Annual Report.

Advising and Reporting to the Inspector-General

The Committee is to provide written advice to the Inspector-General on the appropriateness of the annual performance statements, and performance reporting as a whole, including adherence to the PGPA Act and

the Rule prior to the signing of the performance statements. Any specific areas of concern or suggestions for improvement should also be made.

Financial reporting

In reviewing the appropriateness of the OIGAC's systems and processes for financial reporting, the Committee is to:

- review the OIGAC's financial statements for compliance with accounting standards and the PGPA Act and the Rule, having regard to any supporting guidance
- review the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies
- review areas of significant judgement and financial statement balances that require estimation
- review significant or unusual transactions
- review sign-off by OIGAC management in relation to the quality of the financial statements, internal controls and compliance
- review the auditor's judgments about the adequacy of the OIGAC's accounting policies and the quality of the processes for the preparation of the financial statements, through discussions with the ANAO
- review whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures
- review the processes and supporting systems in place designed to ensure that financial information included in the OIGAC's annual report is consistent with the signed financial statements.

Advising and Reporting to the Inspector-General

The Committee is to provide a written statement to the Inspector-General on the appropriateness of the OIGAC's financial reporting and a recommendation in relation to the signing of the financial statements for the financial year.

Interaction with the External Auditor

The Committee will act as a forum for regular communication between the OIGAC management, the Inspector-General and the ANAO in its capacity as the external auditor of the OIGAC. This is addressed further in of this Charter.

System of Risk Oversight and Management

In reviewing the appropriateness of the OIGAC's system of risk oversight and management, the Committee is to:

- review whether the OIGAC management has in place a current and sound enterprise risk management framework and associated internal controls for effective identification and management of the OIGAC's risks
- satisfy itself that the OIGAC management has followed a sound approach in managing the OIGAC's highest risks including those associated with individual projects
- assess the impact of the OIGAC's risk management framework on the OIGAC's control

environment

- review the process of developing and implementing the OIGAC's fraud control arrangements and satisfy itself that the OIGAC has appropriate processes and systems in place to detect, capture and effectively respond to fraud risks
- review reports on fraud from the OIGAC management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in the OIGAC
- satisfy itself that the OIGAC has appropriate systems and procedures in place to identify the OIGAC's key assurance arrangements and is reviewed annually.

Advising and Reporting to the Inspector-General

The Committee is to provide advice to the Inspector-General on the appropriateness of OIGAC's system of risk oversight and management on an annual basis.

System of internal control

Internal Control Framework

In reviewing the appropriateness of the OIGAC's system of internal control, the Committee is to:

- review the OIGAC management's approach to maintaining an effective internal control framework; this framework should include controls in relation to functions performed by external parties such as contractors and advisers
- review whether the OIGAC management has in place relevant policies and procedures, including Accountable Authority Instructions and Financial Delegations, and that these are annually reviewed and updated
- satisfy itself that appropriate processes are in place to assess the entity's compliance with laws, regulations and associated government policies
- satisfy itself that management periodically assesses the adequacy of the OIGAC information security arrangements
- satisfy itself that management periodically assesses its cyber security vulnerabilities and threats.

Legislative and Policy Compliance

In reviewing the OIGAC's legislative and policy compliance, the Committee is to:

- review the effectiveness of the system for monitoring OIGAC's compliance with relevant laws, regulations and associated government policies with which the OIGAC must comply
- determine whether the OIGAC management has appropriately considered legal and compliance risks as part of the OIGAC's enterprise risk management plan.

Audit

In reviewing the OIGAC's audit and assurance work program, the Committee is to:

- ensure appropriate authority, access and reporting arrangements are in place
- advise the OIGAC on the adequacy of audit resources to carry out its responsibilities such as the

completion of the agreed audit and assurance work plan

- coordinate, to the extent possible, the audit work programs and other assurance or review functions
- monitor the OIGAC management's implementation of recommendations arising from audit and assurance activities.

Business Continuity and Disaster Recovery Management

In reviewing the OIGAC's business continuity and disaster recovery arrangements, the Committee is to satisfy itself that a sound approach has been followed in establishing the OIGAC's business continuity and disaster recovery planning arrangements. This will include whether business continuity and disaster recovery plans have been periodically updated and tested.

Financial Delegations

In reviewing the OIGAC's financial delegations, the Committee is to review whether appropriate policies and associated procedures are in place for the management, exercise of delegations and authorisations and periodic review of the exercise and appropriateness of those delegations.

Ethical and Lawful Conduct

In reviewing ethical and lawful conduct within the OIGAC, the Committee is to assess whether the OIGAC management have taken steps to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct.

Advising and Reporting to the Inspector-General

The Committee is to provide advice to the Inspector-General on the appropriateness of OIGAC's system of internal control on an annual basis.

Other functions

Parliamentary Committee Reports and External Reviews

In reviewing the activities of the OIGAC in relation to parliamentary committee reports and external reviews, the Committee is to satisfy itself that the agency has appropriate mechanisms in place to review and implement, where appropriate, relevant parliamentary committee reports and external reviews and evaluations of the OIGAC, and recommendations arising from these reports and reviews.

Administration

In reviewing the OIGAC's administration, the Committee is to:

- review this Charter annually and prepare an Audit and Risk Committee Annual Forward Schedule that outlines the activities to be undertaken to achieve the Committee's functions that will be provided to the Inspector-General for information
- conduct an annual self-assessment of the performance of the Committee (refer page 11).

Reporting

The Committee will, as often as necessary, and at least once a year, report to the Inspector-General on its operation and activities during the year and confirm to the Inspector-General that all functions outlined in this Charter have been satisfactorily addressed.

The Committee may, at any time, report to the Inspector-General 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 Inspector-General.

Engagement with the ANAO

In undertaking its role, the Committee will engage with the ANAO, as the OIGAC'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 the OIGAC management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations
- provide advice to the Inspector-General on action to be taken on significant issues raised in relevant ANAO reports or better practice guides
- meet privately with the ANAO at least once per year if required.

The Committee will monitor the audit and assurance activities of the ANAO to identify areas, issues or trends which may be relevant to the functions and operations of the OIGAC.

ADMINISTRATIVE ARRANGEMENTS

Meetings

The Committee will meet at least four times per year. One or more special meetings may be held at the request of the Chair of the Committee to review the OIGAC's annual financial statements and performance statements or to meet other specific responsibilities of the Committee.

The Chair of the Committee is required to call a meeting if asked to do so by the Inspector-General and decide if a meeting is required if requested by another Member or the ANAO.

Planning

The Committee will develop an Audit and Risk Committee Annual Forward Schedule that includes the dates, location, and standing agenda items for each meeting for the forthcoming year, and that covers all the functions and responsibilities outlined in this Charter.

Attendance at meetings and quorum

A quorum will consist of at least two Committee Members. The quorum must be in place at all times during the meeting. If circumstances prevent the Chair of the Committee from attending a meeting, the Chair may nominate another Member to perform the role of Chair of the Committee. In addition to the independent members of the Committee there will be regular attendance by the AED, CFO and the Secretariat of the Committee, or their nominee.

Secretariat

The Inspector-General, in consultation with the Chair of the Committee, will provide adequate resources to provide secretariat support to the Committee.

The Secretariat will ensure:

- the agenda and supporting papers for each meeting are approved by the AED
- the agenda and supporting papers are circulated at least one week prior to the scheduled meeting
- the minutes of the meeting are prepared and maintained.

Minutes must be circulated and reviewed by all Members and Observers of the Committee for endorsement within ten working days of the meeting.

Conflicts of Interest

Once each year, Members of the Committee will provide written declarations to the Inspector-General declaring any actual or perceived conflicts of interests they may have in relation to their responsibilities. For the avoidance of doubt, any such declaration by a Member must include a declaration of any material personal interest which a Member may have in relation to their responsibilities.

Members should consider past employment, consultancy arrangements and related party issues in making these declarations. The Inspector-General, in consultation with the Chair of the Committee, should be satisfied that there are sufficient processes in place to manage any actual or perceived conflict.

At the beginning of each Committee meeting, Members are required to declare any actual or perceived conflict of interests that may apply to specific matters on the meeting agenda.

Where required by the Chair of the Committee, a Member with an actual or perceived conflict of interest will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s).

The Chair of the Committee is also responsible for deciding, in consultation with the Inspector-General and/or AED where appropriate, if he/she should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s).

Details of any actual or perceived conflicts of interests declared by the Chair of the Committee 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.

Termination

Termination of a Committee Member's appointment may be warranted in certain circumstances, such as an unmanageable conflict of interest. Terminations will be at the discretion of the Inspector-General or AED. Effected members will be notified in writing.

Review of Performance

The Chair of the Committee, in consultation with the Inspector-General, 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 with appropriate input sought from the Inspector-General, Committee Members, AED, CFO, the ANAO and any other relevant stakeholders, as determined by the Inspector-General. The outcomes of this assessment will be reported to the Inspector-General.

The Chair of the Committee will provide advice to the Inspector-General on an external Member's performance where an extension of the Member's tenure is being considered.

Review of Charter

At least once a year the Committee will review this Charter. Any substantive changes to the Charter will be recommended by the Committee and formally approved by the Inspector-General.

