



Australian Government
Department of Finance

Audit Committee Charter

Effective 1 July 2021

1. Role

- a) The Secretary of the Department of Finance has established the Finance Audit Committee (the Committee) in accordance with subsection 45(1) of the *Public Governance, Performance and Accountability (PGPA) Act 2013*.
- b) The Committee will provide independent advice to the Secretary on the appropriateness of Finance's financial and performance reporting, system of risk oversight and management and system of internal control.
- c) Members are required to understand and observe the legal requirements of the PGPA Act and Rules.
- d) Members are to:
 - act objectively in the best interests of the department;
 - demonstrate capability, express opinions constructively and openly, and raise issues that relate to the Committee's responsibilities;
 - contribute adequate time to meet their responsibilities;
 - engage in the work of sub-committees; and
 - actively maintain a good understanding of the department's operating context.

2. Functions

- a) The functions of the Committee are to review and give independent advice regarding the appropriateness of the department's:
 - **Financial reporting** – including:
 - Reviewing the annual audited financial statements of the department, related management representations and Supplementary Reporting pack and recommending whether the statements are suitable for signing by the Secretary; and
 - Reviewing the processes and systems for preparing financial information and the department's financial reporting as a whole.

- **Performance reporting** – including reviewing performance information, systems and the framework for developing, measuring and reporting key performance indicators and the department’s annual performance statement and performance reporting as a whole.
 - **System of risk oversight and management** – including Finance’s enterprise risk management framework and consistency with the Commonwealth Risk Management policy, as well as associated processes for effective identification and management of its risks (including risk of fraud and risks associated with individual projects, program implementation, and activities). The Committee recognises the role of the Risk Sub-Committee (a sub-committee of the Executive Board) in informing this function (refer Reporting below).
 - **System of internal control** – including consideration of Finance’s control framework, such as:
 - governance arrangements (such as whether the department has current Accountable Authority Instructions and delegations and business continuity management arrangements),
 - legislative and policy compliance (including PGPA and security certifications);
 - internal audit resourcing and coverage in relation to the department’s key risks;
 - relevant parliamentary committee reports and external reviews, internal and ANAO audit reports, providing advice to the Secretary about significant issues identified and the implementation of agreed actions; and
- b) The Committee will provide assurance on the adequacy of the Australian Government’s Consolidated Financial Statements (CFS) production and risk planning process, particularly engaging on areas of highest risk.
- c) The Committee will, as often as necessary, and at least on an annual basis, provide advice to the Secretary on the appropriateness of each of the Committee’s functions at 2. a) and b) above as a whole including any areas for concern.
- d) The Committee will recommend the annual internal audit plan to the Secretary and recommend subsequent changes to that plan, as appropriate.
- e) The Committee will indicate which matters it plans to consider during any given year in a Work Plan.

3. Membership

- a) The Committee comprises at least five members as follows:
- Chair (an independent external member) – appointed by the Secretary;
 - Deputy Chair – one of the members to be appointed by the Committee; and
 - At least three other members external to the Department (external) – appointed by the Secretary.
- b) A majority of the Committee (at least three members) must be made up of members who are both external to the Department and external to the public service (independent external members).
- c) Up to two external members may be officials of Commonwealth entities external to Finance.
- d) Members are appointed for a minimum three-year term. Membership should be reviewed after this to ensure ongoing independence (maximum term is ten years).
- e) Senior Departmental officials may be appointed by the Secretary as Advisers to the Committee or any sub-committee from time to time to assist members to undertake their function.
- f) The Head of Internal Audit (position-based) is afforded adviser status.

- g) The Risk Sub-committee Chair (or equivalent) may attend the meetings as an observer. The Audit Committee Chair is granted reciprocal observer status at Risk Sub-committee meetings.
- h) Unless otherwise determined by the Committee, representatives of the Australian National Audit Office and internal audit service provider may attend the meetings as observers.
- i) The Chair may approve any departmental officer attending a Committee meeting or meetings as an observer. This may include Assistant Secretary or Executive Level 2 observers.

4. Induction

- a) The Chair is to ensure new members receive relevant information and briefings on their appointment via the Secretariat to assist them to meet their committee responsibilities.

5. Sub-committees

- a) The Committee may establish sub-committees to support the performance of its functions. The Committee will appoint a current Audit Committee member to chair such sub-committees.

6. Independence

- a) The Committee is directly accountable to the Secretary for the performance of its functions.
- b) The Committee has no executive powers in relation to the operations of the department. The Committee may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the Secretary accordingly.
- c) 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.
 - Members are to sign an annual objectivity declaration, which includes a disclosure of current positions held.

7. Authority

- a) The Secretary authorises the Committee, in performing its functions, to:
 - access and use any information it requires from any official of the department and external parties;
 - request legal or other professional advice, subject to approval of expenditure by the appropriate departmental delegate; and
 - require the attendance of any official of the department at meetings, as appropriate.

8. Meetings

- a) The Committee will meet at least four times per year, and more often if required.
- b) The Chair will call a meeting if requested to do so by the Secretary, and may call a meeting if requested by another Committee member.

9. Quorum

- a) A quorum for any Committee meeting will be a majority of members, one of whom must be the Chair or the Deputy Chair of the Committee.

10. Secretariat

- a) The Secretariat will provide all secretariat support including the recording of the minutes, coordination and circulation of papers and record keeping.

11. Reporting

- a) The Chair will report to the Secretary after each meeting. Any matter deemed of sufficient importance will be reported to the Secretary immediately.
- b) The Committee will, as often as necessary, and at least once a year, report to the Secretary on its operation and activities during the year, including provision of statements on the appropriateness of the Committee's functions as a whole including any specific areas of concern or suggestions for improvement.
- c) Any established sub-committees will report at each Audit Committee meeting and share the minutes of its meetings to inform the Committee.
- d) To facilitate the timely exchange of information between the committees, the Audit Committee will receive a report from the Risk-Sub Committee Chair (or equivalent) and share relevant information, including the minutes of meeting and endorsed Enterprise Risk Management Plans.

12. Review of functions

- a) The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years, including an assessment against the role and functions in the Charter. The outcomes of this assessment will be reported to the Secretary.
- b) The Committee will review the appropriateness of this Charter at least annually, in consultation with the Secretary. The outcomes of this review will be reported to the Secretary.

13. Consultation

- a) The Committee will develop and maintain relationships with Executive governance committees to ensure a strategic approach is taken to providing advice on the appropriateness of Finance's accountability and control framework.

14. Approval

Approved:	Rosemary Huxtable Accountable Authority (Secretary)
Date updated:	June 2021 Previous version was dated 10 December 2018