

Audit and Risk Committee

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1. Introduction

The Audit and Risk Committee is established by the Accountable Authority 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).

The Audit and Risk Committee Charter outlines the purpose, membership, key functions, and responsibilities of NOPSEMA's Audit and Risk Committee, as part of the overall financial governance structure of NOPSEMA.

For complete clarity, the Audit and Risk Committee is considered to be the Audit Committee for the PGPA Act framework purposes¹.

2. Purpose

Under subsection 17(2) of the PGPA Rule, the functions of the Audit and Risk Committee include reviewing the appropriateness of NOPSEMA's:

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

3. Membership

In accordance with section 17 of the PGPA Rule, the Audit and Risk Committee must consist of at least three (3) persons, appointed by the Accountable Authority, who are not employees of NOPSEMA, and who have appropriate qualifications, knowledge, skills, or experience to assist the Committee to perform its functions.

The Accountable Authority will appoint the Chair of the Audit and Risk Committee.

The Chief Executive Officer and employees of NOPSEMA may attend meetings as advisers or observers, as determined by the Accountable Authority, but must not be members of the Audit and Risk Committee.

A representative of ANAO will be invited to attend meetings of the Committee, as an observer.

Members of the Audit and Risk Committee are appointed by the Accountable Authority for a period of two years after which time members may be reappointed for a period of another two years on two further

¹ An approach proposed in Recommendation 15 of Resource Management Guide 202 (Sept 2021), pages 10 & 11 [\[link\]](#)

instances, to be determined by the Accountable Authority. Membership of the Audit and Risk Committee should not exceed a total of six years to ensure the balance of experience and knowledge of NOPSEMA's operations and the flow of skills and talent through the Committee, enhancing its effectiveness and ensuring its objectivity. Appointments of Committee members should have regard to appropriate levels of expertise and public sector experience with regards to financial reporting, performance reporting, risk management and internal controls.

4. Operation of the Audit and Risk Committee

Chairperson

The role of the Chairperson is to provide leadership to the Audit and Risk Committee in fulfilling its obligations and to advise the Accountable Authority.

The Chairperson has no financial delegations and is not authorised to approve expenditure or commit NOPSEMA to future expenditure.

The responsibilities of the Chairperson are to:

- Ensure that Committee members understand their responsibilities
- Ensure advisors understand their responsibilities
- Set each agenda and schedule of meetings
- Preside over and facilitate Audit and Risk Committee meetings
- Promote discussions and debates and ensure clarity of recommendations to the Accountable Authority
- Ensure comprehensive records of Committee meetings are maintained and distributed
- Maintain a record of Committee Meetings attendances
- Monitor action status of agreed recommendations and decisions
- Monitor performance of the Committee and individual members
- Provide strategic advice and recommendations to the Accountable Authority
- In the event that the Chairperson is unable to attend a scheduled meeting, a member shall be nominated to act as Chairperson.

Quorum

A quorum of a meeting of the Audit and Risk Committee shall comprise the Chairperson and one (1) other member with voting powers.

Meeting frequency

The Audit and Risk Committee is required to meet at least two (2) times annually, and at other times as determined by the Chairperson in consultation with the Accountable Authority in order to enable the Committee to discharge its functions and address emerging issues.

Code of conduct

Committee members and advisors are governed by the Australian Public Sector Code of Conduct and the values expected of NOPSEMA employees (Public Service Act 1999, Sections 10 and 13).

Confidentiality

Committee members and advisors must not disclose information on any Audit and Risk Committee matter, other than in direct consultation on that matter with other members and advisors, subject to complying with applicable confidentiality requirements.

Access to information

Committee members and advisors may request access to NOPSEMA information through the Chairperson.

Conflict of Interest

Committee members and advisors must disclose any personal interest that may constitute a conflict of interest to NOPSEMA, must not be present while the matter is being considered, and must not vote on the matter unless participation is approved by the Chairperson. Disclosure of personal interest must be recorded in the Committee minutes.

Administrative support

Administrative support shall be provided to the Committee, as approved by the Accountable Authority. Such support shall report directly to the Chairperson.

5. Key Functions and Responsibilities

In accordance with the PGPA Act and Rule, the key functions and requirements of the Audit and Risk Committee are outlined below.

Financial reporting

The Audit and Risk Committee will review and provide written advice to the Accountable Authority on the appropriateness of:

- a. The annual financial statements and their compliance with the PGPA Act, the PGPA rule, and the Accounting Standards, and recommend the signing of the financial statements by the Accountable Authority.
- b. NOPSEMA's additional information supplied to Finance as required for the purpose of preparing the Australian Government consolidated financial statements and their compliance with the PGPA Act, the PGPA rule, and the Accounting Standards.
- c. NOPSEMA's financial reporting, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

The Audit and Risk Committee will review and provide advice to the Accountable Authority on the appropriateness of:

- a. NOPSEMA's annual performance statements, and the performance reporting as a whole including compliance with the PGPA Act and Rule, referring to any specific suggestions for improvement or areas of concern.

System of risk oversight and management

The Audit and Risk Committee will review and provide advice to the Accountable Authority on the appropriateness of NOPSEMA's systems for risk oversight and management, in particular considering:

- a. The Risk Appetite Statement, both its content and currency
- b. The current key risks and the risk reduction measures proposed, along with the process of regularly reviewing the key risks.
- c. The measures taken to prevent, detect and deal with fraud.
- d. The effectiveness of the Enterprise Risk Management Framework overall.

System of internal control

The Audit and Risk Committee will review and provide advice to the Accountable Authority on the appropriateness of NOPSEMA's

- a. internal control framework
- b. internal audit coverage including a regular evaluation of the performance of the internal auditor
- c. systems of internal control, with reference to any specific areas of concern or suggestions for improvement.

6. Communication with the Audit and Risk Committee

The Audit and Risk Committee are to maintain open communication and contact amongst relevant stakeholders (including external and internal auditors). All internal and external audit plans, programs, engagement letters and reports shall be addressed to the Accountable Authority and copied to the Audit and Risk Committee Chairperson and the Chief Financial Officer.

7. Induction and continuous development

An induction process is required for new Committee members and advisors to ensure that they are aware of the NOPSEMA Audit and Risk Committee Charter and their roles and responsibilities.

8. Performance evaluation

The Chairperson shall ensure an evaluation of the effectiveness of the Audit and Risk Committee and its members and advisors is conducted annually and provide a written report to the Accountable Authority.

9. Charter review

The Chairperson shall ensure the Charter is reviewed annually as a matter of best practice to align it with the risks, challenges, and opportunities that NOPSEMA faces.