

Audit and Risk Committee

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1. Introduction

The Chief Executive Officer, as the Accountable Authority of NOPSEMA and the OIR, has established the Audit and Risk Committee (Committee) pursuant to Subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and in accordance with Section 17 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

The Committee is directly accountable to the Accountable Authority for the performance of its functions. The Committee has no managerial responsibilities and does not make decisions in relation to NOPSEMA's or the OIR's processes and functions.

2. Purpose

Consistent with Subsection 17(2) of the PGPA Rule, the role of the Committee is to provide independent advice to the Accountable Authority on the appropriateness of NOPSEMA's and the OIR's:

- a. financial reporting
- b. performance reporting
- c. system of risk oversight and management
- d. system of internal control.

3. Membership

The Committee will comprise at least 3 members, appointed by the Accountable Authority, who are not employees of the Agency [PGPA Rule 2014 – 17(4AA)].

All members must be persons who are not officials of a Commonwealth entity.

The Committee must consist of persons who have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions [PGPA Rule 2014 – 17(3)].

The Accountable Authority will appoint the Chair and members of the Committee for a period of two years, after which time members may be reappointed for a period of another two years on two further 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 and the OIR'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 and leading practices in relation to the Committee's responsibilities and functions.

Employees of NOPSEMA and the OIR may attend meetings as advisers or observers, as determined by the Accountable Authority.

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

A representative(s) of the external audit service provider appointed by the ANAO will be invited to attend meetings of the Committee, as an adviser.

A representative(s) of any other external service provider may be invited to attend meetings of the Committee, as an adviser as applicable.

4. Conflicts of Interest

On engagement and each year thereafter, members of the Committee will provide written declarations to the Chair declaring any potential or actual conflicts of interest they may have in relation to their responsibilities.

Committee members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each Committee meeting, members are required to declare any potential or actual conflicts of interest 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). Details of potential or actual conflicts of interest declared by members of the Committee and action taken will be appropriately reflected in the minutes.

5. Function of the Committee

Financial Reporting [PGPA Rule 17(2)(a)]

The Committee will review the financial statements and provide advice to the Accountable Authority on the appropriateness of:

- a. annual financial statements and their compliance with the PGPA Act and associated Rule, the Accounting Standards and supporting guidance, and recommend the signing of the financial statements by the Accountable Authority
- b. 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. financial reporting, with reference to any specific areas of concern or suggestions for continuous improvement.

Performance Reporting [PGPA Rule 17(2)(b)]

The Committee will review performance reporting information and provide advice to the Accountable Authority on the appropriateness of:

- a. performance information included in the Corporate Plan (inclusive of key performance indicators)

- b. Annual Performance Statements and performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement
- c. ANAO performance audits specific to NOPSEMA and the OIR, and relevant cross-agency performance audits and monitor the implementation of ANAO audit recommendations and provide advice to the Accountable Authority on issues raised.

System of Risk Oversight and Management [PGPA Rule 17(2)(c)]

The Committee will review the system of risk oversight and management and provide advice to the Accountable Authority on its view of the appropriateness of:

- a. the enterprise risk management framework and associated controls for the effective identification and management of its risks, including emerging risks
- b. systems for risk oversight and risk management as a whole, with reference to the Commonwealth Risk Management Policy and Commonwealth Fraud and Corruption Control Framework, referring to any specific areas of concern or suggestions for improvement.

System of Internal Control [PGPA Rule 17(2)(d)]

The Committee will review and provide advice to the Accountable Authority on the appropriateness of NOPSEMA's and the OIR's system of internal control by reference to the following items and advise of any specific areas of concern or suggestions for improvement:

- a. internal control framework
- b. legislative compliance
- c. security compliance
- d. internal audit (covering NOPSEMA and OIR audits and audit service provider audits).

Other functions

The Committee will undertake other activities related to its responsibilities as requested by the Accountable Authority.

6. Administrative Arrangements

Meetings

The Committee will convene up to four times per year. Attendees may attend meetings in person and / or by video/teleconference, as necessary, and at other times as determined by the Chair in consultation with the Accountable Authority, to enable the Committee to discharge its functions and address emerging issues.

An additional meeting may convene, if required by the Chair, to discuss annual performance and financial statements.

Items for the Committee's consideration may also be circulated by the Secretariat out-of-session by email communication.

A quorum will consist of a majority of Committee members. The Chair is authorised to appoint a Committee member to act as Chair in the Chair's absence.

Schedule of agenda items

A schedule will be developed, detailing activities to be undertaken to address the functions outlined in this Charter.

Secretariat Support

NOPSEMA will provide secretariat services to the Committee. The Secretariat will ensure:

- a. the Chair approves the agenda for each meeting
- b. the agenda and supporting papers are circulated at least five business days before each meeting
- c. the minutes of each meeting are prepared and reviewed by the Chair and circulated in a timely manner to each member prior to being included in the papers for the next meeting.

Induction

New members will receive relevant information and briefings on their appointment in relation to NOPSEMA and the OIR to assist them to meet their Committee responsibilities.

Reporting

The Committee will, as often as necessary, and at least once a year, report (informal/formal) to the Accountable Authority on its operation and activities against the responsibilities outlined in this Charter, key risk areas and internal audit and ANAO audit coverage. The Committee will raise any areas of concern, and / or suggestions for system or process improvements.

Disclosure and Use of Information

Committee members are subject to complying with applicable confidentiality requirements and must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the Accountable Authority.

7. Committee Evaluation

The Accountable Authority will initiate a review of the performance of the Committee at least once a year and the Committee will assess the performance findings and consider any adjustments where appropriate.

8. Charter Review

The Committee will review the appropriateness of this Charter every year and recommend changes for consideration by the Accountable Authority.