



Australian Government
Australian Digital Health Agency



Audit and Risk Committee Charter

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Approved

Australian Digital Health Agency

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Approvals

This document sets out the Australian Digital Health Agency Board's Audit and Risk Committee Charter. This document has been approved by the Board and is reviewed annually.

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Table of contents

1	Introduction and purpose	5
2	Authority	5
3	Membership	5
	3.1 Expectations of committee members	6
4	Functions	7
	4.1 Financial reporting	7
	4.2 Performance reporting	7
	4.3 System of risk oversight and management	7
	4.4 System of internal control	8
5	Reporting	9
6	Administrative arrangements	9
	6.1 Meetings	9
	6.2 Planning	10
	6.3 Quorum	10
	6.4 Sub-committees	10
	6.5 Access to and use of information	10
	6.6 Secretariat	10
	6.7 Conflicts of interest	10
	6.8 Induction	11
	6.9 Assessment arrangements	11
7	Review of Charter	11

1 Introduction and purpose

The Australian Digital Health Agency Board (the Board) is the Accountable Authority and has established an Audit and Risk Committee 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 is a sub-committee of the Board of the Australian Digital Health Agency (the Agency) established to assist the Board discharge its responsibilities under the PGPA Act by reviewing the appropriateness of the Board's:

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

The Audit and Risk Committee is also able to assist the Board in complying with relevant laws and policies.

The Audit and Risk Committee is not responsible for the executive management of these functions. The Audit and Risk Committee will engage with management in a constructive and professional manner in discharging its responsibilities and formulating its advice to the Board.

2 Authority

The Board authorises the Audit and Risk Committee, within its responsibilities, to:

- obtain any information it requires 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 members of the Board, at Audit and Risk Committee meetings; and
- obtain legal or other professional advice at the Agency's expense, as considered necessary to meet its responsibilities.

3 Membership

The Audit and Risk Committee comprises no less than four members, appointed by the Board. Two members are to be independent members external to the Agency.

The Chair of the Board, the Chief Executive Officer and the Chief Financial Officer must not be members of the Audit and Risk Committee (subsection 17(5) PGPA Rule).

The Board will appoint the Chair of the Audit and Risk Committee who may be a member of the Board but not the Chair of the Board.

The Audit and Risk Committee may appoint a Deputy Chair, who may assume the Chair's responsibilities as required.

The Audit and Risk Committee must consist of at least 3 persons who have appropriate qualifications, knowledge, skills or experience to enable the committee to perform its functions (subsection 17(3) PGPA Rule). The majority of members of the Audit and Risk Committee must be persons who are not employees of the Agency (paragraph 17(4)(b) PGPA Rule). As Board members have no executive powers or delegated responsibilities, they are eligible to be members of the Audit and Risk Committee, and because they are not considered to be employees of the Agency, Board members (with the exception of the Board Chair) may also form a majority on the Audit and Risk Committee.

Membership of the Audit and Risk Committee will be reviewed periodically (but at least every three years) by the Board with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.

The Audit and Risk Committee will adopt and maintain a program of induction, training and awareness-raising for its members, with the objective of enabling the Audit and Risk Committee to keep abreast of contemporary developments and leading practices in relation to its functions.

3.1 Expectations of committee members

Committee members require appropriate qualifications, knowledge, skills or experience to assist the committee perform its functions (subsection 17(3) PGPA Rule).

Collectively, the Audit and Risk Committee requires the necessary expertise to provide independent advice and assurance to the Board on the appropriateness of the Agency's financial and performance reporting, systems of risk management and oversight, and internal controls.

It is expected that Audit and Risk Committee members understand and observe the legal requirements of the PGPA Act, PGPA Rule, Public Governance, Performance and Accountability Rule (Establishing the Australian Digital Health Agency) Rule 2016, and Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR), along with any other official guidance relevant to performing their functions.

Members are also expected to:

- gain a good understanding of Agency functions, objectives and operational context;
- act in the best interests of the Agency and the Commonwealth;
- apply good analytical skills, objectivity and good judgement;
- continuously build, apply and maintain appropriate experience and awareness of the Agency's operating context, challenges and opportunities;
- express opinions constructively and openly, raise issues that relate to the committee's responsibilities and pursue independent lines of enquiry; and
- contribute the time required to meet their responsibilities.

4 Functions

The specific functions of the Audit and Risk Committee are set out below.

4.1 Financial reporting

The Audit and Risk Committee must review and provide independent advice and assurance, including a written statement to the Board, on the appropriateness¹ of the Agency's:

- annual and monthly financial statements;
- processes and systems for preparing financial reporting information;
- any other information requested by the Department of Finance in preparing the Australian Government's consolidated financial statements (including the supplementary reporting package);
- internal processes for managing budget estimates;
- financial record keeping;
- financial planning and foreword estimates;
- processes in place for the Agency to stay informed throughout the year of any changes or additional requirements in relation to financial reporting; and
- processes in place designed to ensure that financial information included in the Agency's annual report is consistent with the signed financial statements.

4.2 Performance reporting

The Audit and Risk Committee must review and provide independent advice and assurance, including a written statement, on the appropriateness of the Agency's:

- development of performance measures;
- measurement and assessment of performance and that the Portfolio Budget Statements and Corporate Plan contain appropriate details of how the Agency's performance will be measured and assessed;
- annual performance assessment; and
- systems and procedures for assessing, monitoring and reporting the achievement of the Agency's performance in line with the Commonwealth performance framework.

4.3 System of risk oversight and management

The Audit and Risk Committee must review and provide independent advice and assurance, including a written statement, on the appropriateness of the Agency's:

- enterprise risk management framework and associated internal controls for effective identification and management of the Agency's business and financial risks, in line with the Commonwealth Risk Management Policy, and satisfy itself that an appropriate approach has been followed in managing the Agency's

¹ Note: "appropriateness" has its ordinary meaning of 'suitable or fit-for-purpose'.

risks, including those associated with individual projects, program implementation, and activities;

- risk management capability and whether key roles and responsibilities relating to risk management in the Agency are clearly articulated and adhered to.
- process of developing and implementing the Agency's fraud control arrangements and satisfy itself that the Agency has appropriate processes and systems in place to detect, capture and effectively respond to fraud risks; and
- reports on fraud from 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 Agency.

4.4 System of internal control

The Audit and Risk Committee must review and provide independent advice and assurance, including a written statement, on the appropriateness of the Agency's:

- approach to maintaining an effective internal control framework, including controls in relation to functions performed by external parties such as contractors and consultants;
- management of policies and procedures, including accountable authority instructions, and that these are periodically reviewed and updated;
- policies and associated procedures for the management and exercise of delegations and authorisations;
- policies and associated procedures for an effective internal security system, including ICT security;
- compliance by officials with relevant laws and policies and the mechanisms for the Board to be informed of any significant issues within the Agency;
- consideration of legal and compliance risks as part of the Agency's enterprise risk management framework, fraud control framework and planning.
- internal audit coverage, resources, and budget, to carry out its responsibilities, taking into account the Agency's primary risks. The Audit and Risk Committee will also recommend approval of the internal audit work plan by the Board, and monitor and review the completion of the approved internal audit work plan; and
- internal audit reports and provide advice to the board on significant issues identified in audit reports and recommend action on significant issues raised, including identification and dissemination of good practice.

The Audit and Risk Committee is also required to undertake the following activities:

Legislative and policy compliance

- Review the effectiveness of systems for monitoring the Agency's compliance with laws, regulations and associated government policies with which the Agency must comply.

Business continuity

- satisfy itself that a sound approach has been followed in establishing the Agency's business continuity planning arrangements, including whether

business continuity and disaster recovery plans have been periodically updated and tested.

Ethical and lawful conduct

- assess whether management has taken steps to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct.

Parliamentary committee reports, external reviews and evaluations

- satisfy itself that the entity has appropriate mechanisms in place to review relevant parliamentary committee reports, external reviews and evaluations of the Agency and implement, where appropriate, any recommendations arising.

Other

- undertake other activities related to its responsibilities as requested by the Agency Board.

5 Reporting

The Audit and Risk Committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate.

The Chair of the Audit and Risk Committee will report to the Board at the next Board meeting following a meeting of the Audit and Risk Committee on any matters that the Audit and Risk Committee considers should be brought to the attention of the Board.

The Audit and Risk Committee will at least once annually confirm to the Board that all functions/responsibilities outlined in this charter have been carried out and comply with any other reporting requirements specified by the Board from time to time.

6 Administrative arrangements

6.1 Meetings

The Audit and Risk Committee will meet at least four times per year. One or more special meetings may be held to review the Agency's annual financial statements and performance statement, or to meet other responsibilities of the Audit and Risk Committee.

All Audit and Risk Committee members are expected to attend each meeting, in person or via teleconference.

The Chair of the Audit and Risk Committee is required to call a meeting if asked to do so by the Board and decide if a meeting is required if requested by another member, internal audit or the ANAO.

Agency Board members may attend Audit and Risk Committee meetings as observers. When they elect to do so, copies of Audit and Risk Committee papers are to be provided.

Agency senior managers may be invited to attend Audit and Risk Committee meetings as advisers and/or observers.

Representatives of the Australian National Audit Office (ANAO) and internal audit will be invited to attend meetings of the Audit and Risk Committee, as advisers and/or observers.

6.2 Planning

The Audit and Risk Committee will develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this charter.

6.3 Quorum

A quorum will consist of a majority of Audit and Risk Committee members. The quorum must be maintained at all times during the meeting.

6.4 Sub-committees

The Audit and Risk Committee may establish, at its discretion, sub-committees to assist it meet its responsibilities.

Terms of reference for sub-committees, their purpose and objectives, should be decided by the Audit and Risk Committee. Such sub-committees are to be chaired by an Audit and Risk Committee member.

6.5 Access to and use of information

The Agency is to provide the Audit and Risk Committee with access to information the committee necessarily requires to carry out its functions and meet its responsibilities under this charter.

Audit and Risk Committee members are to respect any confidentiality and privacy requirements attached to information provided to it in the course of carrying out its functions and meeting its responsibilities.

6.6 Secretariat

Secretariat services will be provided by the Agency.

The Audit and Risk Committee Secretariat will:

- ensure the agenda for each meeting is approved by the Chair of the Audit and Risk Committee;
- the agenda and supporting papers are circulated at least one week before the meeting; and
- ensure the minutes of the meetings are prepared and maintained.

Minutes must be reviewed by the Chair of the Audit and Risk Committee and circulated within two weeks of the meeting to each member and observers, as appropriate.

6.7 Conflicts of interest

Once each year, members of the Audit and Risk Committee will provide written declarations, through the Chair, to the Board declaring any material personal

interests they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Board, in consultation with the Chair of the Audit and Risk Committee, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each Audit and Risk Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. Where required by the Chair of the Audit and Risk Committee, the member will be excused from the meeting or from the Audit and Risk Committee's consideration of the relevant agenda item(s).

The Chair of the Audit and Risk Committee is also responsible for deciding if he/she should excuse themselves from the meeting or from the Audit and Risk Committee's consideration of the relevant agenda item(s).

Details of material personal interests declared by the Chair of the Audit and Risk Committee and other members, and actions taken, will be appropriately recorded in the minutes.

6.8 Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

6.9 Assessment arrangements

The Chair of the Audit and Risk Committee will undertake a self-assessment of the performance of the committee and its members' performance against the charter at least once every two years. The review will involve input from the Board, each Committee member, senior management, internal audit, the ANAO, and any other relevant stakeholders, as determined by the Audit and Risk Committee.

The Chair will provide the results of the self-assessment to the Board.

7 Review of Charter

At least once a year the Audit and Risk Committee will review this charter. This review will include consultation with the Board.

Any substantive changes to the charter will be recommended by the Audit and Risk Committee for Board approval.