



ACT
Government

Suburban Land
Agency

AUDIT AND RISK COMMITTEE CHARTER

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1. Background

- 1.1 The Board of the Suburban Land Agency (**Agency**) has established an Audit and Risk Committee (**Committee**) in accordance with s. 50(1) of the *City Renewal Authority and Suburban Land Agency Act 2017 (Act)*.
- 1.2 This Charter sets out the Committee's purpose, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements under s. 51 of the Act.

2. Purpose

- 2.1 The objective of the Committee is to assist the Agency Board to discharge its responsibility to exercise due care, diligence and skill in relation to risk management, financial sustainability of the Agency, reporting of financial information, the adequacy of the financial controls and legal and regulatory compliance frameworks, and external and internal audit.

3. Authority

- 3.1 The Agency Board authorises the Committee, within the scope of the objectives of the Committee, to do as follows:
 - a. Obtain any information it needs from any Agency employee (and all employees are directed to cooperate with any request made by the Committee) and/or external party (subject to the Territory's *Privacy Principles*);
 - b. Discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
 - c. Request the attendance of any employee or executive at Committee meetings;
 - d. Obtain independent professional advice as considered necessary to meet its responsibilities, at the expense of the Agency; and
 - e. Investigate any matter brought to its attention with full access to books, records and facilities (subject to legislation).

4. Appointment, composition, tenure and skills development

- 4.1 The Agency Board is responsible for the appointment of Committee members.
- 4.2 The Committee will consist of at least three and not more than four members. At least two members will also be members of the Board. The Committee may comprise independent (non-Agency Board) members. The Chair of the Agency Board must not be a member of the Committee.
- 4.3 The Agency Board will appoint a Chair of the Committee.
- 4.4 If a member of the Board is a member of the Committee and he/she ceases to be a member of the Board he/she shall immediately cease to also be a member of the

Committee. The tenure of any independent Committee member will be determined by the Board.

- 4.5 The Board Chair, Chief Executive Officer, Chief Finance Officer and Internal Audit Manager of the Agency may attend meetings as observers by invitation.
- 4.6 A representative(s) of the ACT Audit Office will be invited to attend meetings of the Committee, as an observer.
- 4.7 Committee members will possess an appropriate mix of skills, experience and expertise including high level financial expertise, an understanding of the industry, and familiarity with accounting and audit practice in a public sector environment.
- 4.8 A Committee member may, with the approval of the Board, attend seminars or training related to matters regarding the functions and responsibilities of the Committee.

5. Objectives

- 5.1 The Committee has no executive powers unless delegated to it by the Agency Board.
- 5.2 The Committee is directly responsible and accountable to the Agency Board for meeting its objectives. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the Agency rests with the Agency Board and the Chief Executive Officer in accordance with the *Financial Management Act 1996* and the Act.
- 5.3 The objectives of the Committee may be revised or expanded in consultation with, or as requested by, the Agency Board from time to time.
- 5.4 The Committee's objectives are as follows:

Objective One

Providing confidence to the Board that risk is managed in an appropriate manner for the efficient operation of the business by:

- a. Reviewing and satisfying itself that management has in place a current and comprehensive Risk Management Framework, and associated procedures for effective identification and management of the Agency financial and business risks, including fraud and corruption.
- b. Reviewing and satisfying itself that a sound and effective approach has been followed in managing the major risks for the Agency, including the development of Risk Management Plans for major projects and undertakings, and a procedure for escalating risks to the Agency Board.
- c. Determining the impact of the Agency Risk Management Framework on its control environment and insurance arrangements.

- d. Reviewing and satisfying itself that a sound and effective approach has been followed in establishing the Agency Business Continuity Planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.
- e. Recommending the Risk Management Framework and Policy Statement to the Agency Board, and conducting reviews of the policy and framework to ensure currency and relevance.

Objective Two

Providing confidence to the Board that an adequate control framework for the operation of the Agency has been implemented by:

- a. Satisfying itself that management has in place relevant policies, procedures and frameworks, including Chief Executive Financial Instructions (CEFIs) or their equivalent, that these are periodically reviewed and updated for approval by the CEO.
- b. Satisfying itself that management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

Objective Three

Providing confidence to the Board that all statutory requirements of financial reporting are undertaken for the Agency by:

- a. Reviewing the budget and financial statements and providing advice to the Board (including recommending their signing by the Agency Board Chair). In particular, the committee will review:
 - i. the Agency's compliance with Accounting Standards;
 - ii. the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies;
 - iii. areas of significant judgement and financial statement balances that require estimation;
 - iv. significant or unusual transactions;
 - v. sign-off by Agency management in relation to the quality of the financial statements, internal controls and compliance;
 - vi. the auditor's judgments about the adequacy of the Agency accounting policies and the quality of its processes for the preparation of the Agency financial statements, through discussions with the ACT Audit Office; and
 - vii. whether appropriate management action has been taken in response to any issues raised by the ACT Audit Office, including financial statement adjustments or revised disclosures.

- b. Acting as a forum for communication between Agency management and the ACT Audit Office.
- c. Reviewing the processes in place to satisfy itself that financial information included in the Agency Annual Report is consistent with the signed financial statements.
- d. Reviewing and recommending the Agency's budget and Statement of Intent and recommending its approval to the Board.
- e. Reviewing and recommending the Agency's Statement of Performance and recommending its approval to the Board.

Objective Four

Providing confidence to the Board that legislative compliance obligations of the Agency are met by:

- a. Satisfying itself that management has appropriately considered legal and compliance risks as part of the Agency risk assessment and management arrangements.
- b. Satisfying itself that management systems for monitoring Agency compliance with relevant laws, regulations and associated government policies are reviewed.
- c. Satisfying itself that the Agency Work, Health and Safety policies and procedures meet applicable legislative requirements for the Agency and Agency Board.

Objective Five

Providing confidence to the Board that internal auditing is undertaken to assess the performance of the operations of the Agency by:

- a. Acting as a forum for communication between the Agency Board, senior management and internal audit firms.
- b. Reviewing the Internal Audit Annual Work Plan, taking account of the Agency Risk Management Policy and Plan, and recommend approval of the Plan by the Agency Board.
- c. Overseeing the coordination of audit programs conducted by internal and external auditors and other review functions.
- d. Reviewing all audit reports, and providing advice to the Agency Board on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice.
- e. Reviewing management's assurances about the implementation of internal audit recommendations.
- f. Reviewing the Internal Audit Charter on an annual basis.
- g. Meeting with the Internal Auditors will be held as required.

Objective Six

Providing confidence to the Board that external audits are undertaken in compliance with statutory obligations by:

- a. Acting as a forum for communication between the Agency Board, senior management and the ACT Audit Office.
- b. Providing input and feedback on the draft financial statements and performance audit coverage proposed by external auditors and provide feedback on the audit services provided.
- c. Reviewing all external audit plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations.
- d. Providing advice to the Agency Board on action taken on significant issues raised in relevant external audit reports and better practice guides.

Objective Seven

Providing confidence to the Board that the integrity of the Agency is not compromised by:

- a. Reviewing the Agency Fraud and Corruption Control Plan and being satisfied that the Agency has appropriate processes and systems in place to capture and effectively investigate fraud and corruption related information.
- b. Recommending the Fraud and Corruption Control Plan for Agency Board approval, and conducting annual reviews of the Plan.
- c. Monitoring compliance with ACT Government policy and best practice standards on integrity matters.

6. Responsibilities of Committee Members

- 6.1 Members of the Committee are expected to understand and observe relevant legislative requirements including; the *City Renewal Authority and Suburban Land Agency Act 2017*, the *Public Sector Management Act 1994 (including the operation of the Administrative Arrangements 2016)* and the *Financial Management Act 1996*.
- 6.2 Members must apply good analytical skills, objectivity and good judgment.
- 6.3 Members should express opinions frankly, ask questions that go to the fundamental core of the issue, and pursue independent lines of enquiry.
- 6.4 In exercising the functions of a Committee member, a member must exercise the degree of honesty, care and diligence and must:
 - 6.4.1 act in good faith,
 - 6.4.2 not pursue personal interests at the expense of the Agency's interests,
 - 6.4.3 not to use Committee membership, including confidential information, to gain personal advantage,

- 6.4.4 to adhere to the public sector values, principles and conduct requirements as set out in the *Public Sector Management Act 1994*,
- 6.4.5 not to cause detriment to the Agency or undermine its reputation, and
- 6.4.6 to comply with any other code of conduct including any other applicable policies adopted by the Board from time to time.

7. Reporting

- 7.1 The Chair of the Committee will provide a verbal summary to the Board with a copy of the minutes of each Committee meeting being presented to the Agency Board at the next available Agency Board meeting, The Chair of the Committee may, at any time, report to the Agency Board 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 Chair of the Agency Board.

8. Meetings and Quorum

- 8.1 The Committee will meet at least four times per year. A special meeting may be held to review the Agency annual financial statements and the audit report from the ACT Auditor-General.
- 8.2 Meetings will be called by the Chair. The Chair is required to call a meeting if requested to do so by the Agency Board or another Committee member.
- 8.3 A quorum will consist of **two** Committee members, one of whom must be a member of the Agency Board.
- 8.4 A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all of the Committee's responsibilities, as detailed in this Charter.
- 8.5 A meeting may be held using a method of communication, or a combination of methods of communication, that allows a committee member taking part to hear what each other member taking part says without the members being in each other's presence. (*Financial Management Act s 97(1)*)
- 8.6. External representatives may be invited to attend meetings, as determined by the Chair of the Committee. The Committee may also request the Chief Finance Officer or other employees to attend Committee meetings or participate in certain agenda items.
- 8.7 The Committee will meet with ACT Audit Office at least once a year, including without management present.
- 8.8 Internal audit firms may be invited to attend Committee meetings to discuss audit findings.

8.9 A resolution is a valid resolution of the Committee, even if it is not passed at a meeting of the Committee, if all members agree to the proposed resolution in writing or by electronic communication. ¹(i.e. *circulating resolutions*).

9. Secretariat

9.1 The Chief Executive Officer will nominate an Agency staff member to provide Secretariat support to the Committee.

9.2 The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, ideally at least one week before the meeting, and ensure the minutes of the meetings are kept.

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

9.4 The Secretariat will provide approved minutes to the ACT Audit Office on a regular basis (or as requested from time to time).

9.5 The Secretariat will assist the Committee to meet its statutory requirements for reporting, including those resulting from revisions to the *Freedom of Information Act 1989*.

9.6 In carrying out its function, the Secretariat will have regard to the process and procedures as set out in the Agency's Corporate Governance Framework as approved by the Board and amended from time to time.

10. Conflicts of Interest

10.1 Committee members and any attendees to each Committee meeting must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic.

10.2 Details of any declared conflicts of interest are to be recorded in the Committee meeting minutes.

10.3 Where members or attendees at the Committee meetings are deemed to have a real or perceived conflict of interest it may be appropriate that they are excused from Committee deliberations on the issue where a conflict of interest exists, at the Committee's discretion.

¹ Financial Management Act 1996, s. 97 (4)

11. Assessment Arrangements

- 11.1 The Chair of the Committee, in consultation with the Chair of the Agency Board, will agree to a formal review of the performance of the Committee at least every two years.
- 11.2 The Committee shall consider undertaking a self-evaluation of its performance on alternate years to the formal review to determine if it is functioning effectively.
- 11.3 The Board will evaluate the performance of the Committee as appropriate.

12. Review of Charter

- 12.1 The Committee will review this Charter annually and make recommendations to the Agency Board regarding proposed revisions.

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