

**TIWI LAND COUNCIL**

**AUDIT COMMITTEE CHARTER**

The accountable authority has established an Audit Committee in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 *Audit Committee for Commonwealth Entities*.

Purpose

The committee is a sub-committee of the accountable authority of the Tiwi Land Council established to assist the accountable authority discharge its responsibilities under the *Aboriginal Lands Right Act (NT)* 1976 and the *Public Governance, Performance and Accountability Act 2013* in respect of financial reporting, performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies.[[1]](#footnote-1)

The committee is not responsible for the executive management of these functions. The committee will engage with management in a constructive and professional manner in discharging its responsibilities and formulating its advice to the accountable authority.

Authority

The accountable authority authorises the 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 ANAO, or other external parties (subject to confidentiality considerations);

• request the attendance of any official, including members of the Board, at committee meetings; and

• obtain legal or other professional advice at the Tiwi Land Council’s expense, as considered necessary to meet its responsibilities.

Membership

The Audit Committee comprises 3 members, appointed by the accountable authority.[[2]](#footnote-2)

The accountable authority will appoint the Chair of the committee who shall not be the Chair of the accountable authority.

The committee is authorised to appoint a Deputy Chair who will act as chair in the absence of the Chair.

The chair of the accountable authority and other accountable authority members may attend committee meetings, and when they elect to do so, will require copies of committee papers.

The members of the accountable authority, Chief Financial Officer, Principal Legal Officer, or other executive members may attend meetings as advisers or observers, as determined by the Chair, but will not be members of the committee.

Membership of the committee will be reviewed periodically (but at least every three years) by the accountable authority 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 committee will adopt and maintain a program of induction, training and awareness-raising for its members, with the objective of enabling the committee to keep abreast of contemporary developments and leading practices in relation to its functions.

Functions[[3]](#footnote-3)

The specific responsibilities of the Committee are set out below.

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| Financial reporting |
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| * review the financial statements and provide advice to the accountable authority; (including recommending their signing by the accountable authority. In particular, the committee will:  1. assess Tiwi Land Council’s compliance with accounting standards, including an assessment of the appropriateness of accounting policies and disclosures 2. assess areas of significant judgement and financial statement balances that require estimation 3. assess any significant changes to accounting policies and practices, (by May each year) 4. review significant or unusual transactions, not covered by b) or c) above 5. assess whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures.  * review the processes in place designed to ensure that financial information included in the Tiwi Land Council’s annual report is consistent with the signed financial statements * monitor the standard of financial information provided to the accountable authority, and * discuss with the ANAO the auditor’s judgments about the adequacy of the Tiwi Land Council’s accounting policies and the quality of Tiwi Land Council’s processes for the preparation of the Tiwi Land Council’s financial statements. |
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| Performance reporting |
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| * consider any issues relating to the Tiwi Land Council’s performance that the committee considers warrant review, or are referred to the committee by the accountable authority. * monitor the standard of non-financial performance information provided to the accountable authority. * review the proposed reporting of the Tiwi Land Council’s performance to ensure that the information is consistent with the Tiwi Land Council’s reported financial information.   Note: The requirement for entities to prepare performance statements in accordance with section 39 of the PGPA Act applies from 2015–16 and, as such, the audit committee’s responsibilities in relation to performance reporting should be reviewed at that time. |
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| Systems of risk oversight and management |
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| * assess whether management has in place a current and sound enterprise risk management framework and associated procedures for effective identification and management of the Tiwi Land Council’s business and financial risks, including fraud; and recommend the Risk Management Framework * determine whether a sound and effective approach has been followed in managing the Tiwi Land Council’s major risks, including those associated with individual projects, program implementation, and activities * satisfy itself that management has assessed the impact of Tiwi Land Council’s enterprise risk management framework on Tiwi Land Council’s control environment * monitor the adequacy of insurance cover for the Tiwi Land Council. * monitor reports on fraud from entity 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 Tiwi Land Council. * at least annually, commission and recommend an entity-wide assurance map that identifies the Tiwi Land Council’s key assurance arrangements.[[4]](#footnote-4) |

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| System of internal control |
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| Internal controls framework   * assess whether management has in place comprehensive and relevant policies and procedures designed to maintain an effective internal control framework, including over external parties such as contractors and advisers * determine whether management has appropriate processes in place to assess, at least once a year, whether key policies and procedures are complied with * assess the adequacy of the Tiwi Land Council’s information technology security arrangements   Delegations   * assess whether appropriate policies and supporting procedures are in place for the management and exercise of delegations   Business continuity management   * determine whether a sound and effective approach has been followed in establishing the Tiwi Land Council’s business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested   Ethical and lawful behaviour   * assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.   Legislative and policy compliance   * assess the effectiveness of the system for monitoring the Tiwi Land Council’s compliance with those laws, regulations and associated government policies that the entity must comply with * assess where relevant, the Tiwi Land Council’s compliance with International Conventions, particularly the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions * determine whether management has appropriately considered legal and compliance risks as part of the Tiwi Land Council’s enterprise risk management plan * provide advice to the accountable authority regarding the issue of the Tiwi Land Council’s annual Certificate of Compliance, or equivalent report. |

Engagement with the ANAO

The committee will engage with the ANAO, as the Tiwi Land Council’s external auditor, in relation to the ANAO’s financial statement and performance audit coverage. In particular, the committee will:

* provide input on planned ANAO financial statement and performance audit coverage
* monitor management’s responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations
* provide advice to the accountable authority on action to be taken on significant issues raised in relevant ANAO reports or better practice guides
* meet privately with the ANAO at least once per year.

Authority of the committee[[5]](#footnote-5)

All decisions of the committee shall be referred to the accountable authority for approval, other than:

* the Internal Audit Charter, Internal Audit Pan and internal audit budget;
* the Tiwi Land Council’s Risk Management Framework
* an entity-wide assurance map

that do not require the approval of the accountable authority.

Reporting

The committee will regularly update the accountable authority on its activities and make recommendations to the accountable authority, as appropriate.

The Chair of the Committee will report to the accountable authority at the next accountable authority meeting following a meeting of the committee on any matters that the committee considers should be brought to the attention of the accountable authority.

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

Administrative arrangements

Meetings

The committee will meet at least four times per year. One or more special meetings may be held to review Tiwi Land Council’s annual financial statements or to meet other responsibilities of the committee.

All committee members are expected to attend each meeting, in person or via tele-or-video conference.

The Chair is required to call a meeting if asked to do so by the accountable authority, and decide if a meeting is required if requested by another member, internal audit or the ANAO.

Planning

The 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.

Quorum

A quorum will consist of a majority of committee members. The quorum must be in attendance at all times during the meeting.

Secretariat

Secretariat arrangements will be the same as for the accountable authority. The secretariat will: ensure the agenda for each meeting is approved by the Chair; 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 and circulated within two weeks of the meeting to each member and committee observers, as appropriate.

Conflicts of interest

Once each year, members of the committee will provide written declarations, through the Chair, to the accountable authority 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 accountable authority, in consultation with 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 material personal interests 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). The Chair is also responsible for deciding if he/she should excuse themselves from the meeting or from the committee’s consideration of the relevant agenda item(s). Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Induction

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

Assessment arrangements

The Chair of the committee, will initiate a self-assessment of the performance of the committee at least once every two years. The review will involve input from the accountable authority, each committee member, senior management, internal audit, the ANAO, and any other relevant stakeholders, as determined by the committee.

Review of charter

At least once a year the committee will review this charter. This review will include consultation with the accountable authority.

Any substantive changes to the charter will be recommended by the committee and formally approved by the accountable authority.

1. PGPA Act Rule section 17 states that the functions of the audit committee of a commonwealth entity must include reviewing the appropriateness of the accountable authority ’s: financial reporting; performance reporting; system of risk oversight and management; and system of internal control. As such these functions are mandatory. [↑](#footnote-ref-1)
2. PGPA Act Rule section 17 requires the committee to consist of at least three members who have appropriate qualifications, knowledge, skills and experience to assist the committee to perform its functions. From 1 July 2015, the majority of members of the audit committee must be persons who are nor employees of the entity. [↑](#footnote-ref-2)
3. PGPA Act Rule section 17 states that the functions of an audit committee must include reviewing the appropriateness of the accountable authority’s: financial reporting; performance reporting; system of risk oversight and management; and system of internal control. As such these functions are mandatory. [↑](#footnote-ref-3)
4. An example of an Assurance Map is at page 57 of the ANAO Better Practice Guide *Public Sector Audit Committees,* August 2011. [↑](#footnote-ref-4)
5. The extent to which the audit committee has approval authority is a matter to be determined by the accountable authority and should be expressly dealt with in the audit committee charter. Any matters identified in this section as being matters that have been delegated to the audit committee for decision should be consistent with the wording used in the Functions section of the charter. [↑](#footnote-ref-5)