



NBA Audit and Risk Committee Charter

[Revised August 2023]

Preamble

This Charter outlines the objectives and responsibilities, composition and tenure, reporting and administrative arrangements of the Audit and Risk Committee (ARC) in relation to overseeing audit and fraud control activities within the National Blood Authority (NBA).

The Chief Executive is responsible for ensuring the NBA's governance control framework remains effective and that the framework supports the achievement of the NBA's objectives. To help do this, the Chief Executive has established an Audit and Risk Committee in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 *Audit Committees for Commonwealth Entities*.

Functions

Under section 17(1) of the PGPA Rule, the accountable authority must determine the functions of the Audit and Risk Committee by written charter (the charter).

Subsection 17(2) of the PGPA Rule, requires that the functions of the Audit and Risk Committee must include reviewing the appropriateness¹ of the Chief Executive's:

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

Financial Reporting

The Audit and Risk Committee will review and provide advice on the appropriateness of the Chief Executive's:

- annual audited financial statements;
- information (other than annual financial statements) requested by the Department of Finance in preparing the Australian Government's consolidated financial statements, including the supplementary reporting package; and
- processes and systems for preparing financial reporting information.

¹ Appropriateness has its ordinary meaning suitable or fitting for a particular purpose, RMG 202, page 8, March 2020.

The Audit and Risk Committee will provide a statement to the Chief Executive including:

- whether the annual financial statements, in the Audit and Risk Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
- whether additional entity information (other than financial statements) required by the Department of Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance; and
- in respect of the appropriateness of the NBA's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

The Audit and Risk Committee will review and provide advice on the appropriateness of the Chief Executive's systems and procedures for assessing, monitoring and reporting on achievement of the National Blood Authority's performance. In particular, the committee should satisfy itself that:

- the NBA's Portfolio Budget Statement and corporate plan contain appropriate details of how the NBA's performance will be measured and assessed;
- the NBA's approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statement and corporate plan is appropriate and in accordance with the Commonwealth performance framework. This may include reviewing, over time, particular elements of the performance measures; and
- the NBA has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.

The Audit and Risk Committee will provide a statement to the Chief Executive whether, in their view, the Chief Executive's annual performance statement and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management

The Audit and Risk Committee will review and provide advice on the appropriateness of the Chief Executive's:

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the entity's risks, in keeping with the Commonwealth Risk Management Policy;
- approach to managing the NBA's key risks — including those associated with individual projects and program implementation and activities;
- process for developing and implementing the NBA's fraud control arrangements consistent with the fraud control framework, and satisfy itself that the NBA has adequate processes for detecting, capturing and effectively responding to fraud risks; and
- articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the NBA.

The Audit and Risk Committee will provide statements to the Chief Executive whether in their view, the Chief Executive's system of risk oversight and management as a whole is appropriate with reference to the Commonwealth Risk Management Policy and any specific areas of concern or suggestions for improvement.

System of internal control

The Audit and Risk Committee will review and provide advice on the appropriateness of the Chief Executive's:

- internal control framework,
- legislative and policy compliance,
- security compliance,
- business continuity and disaster recovery,
- internal audit coverage, and
- implementation of agreed recommendations from internal audits, Australian National Audit Office financial statements and performance audits, and parliamentary committees including the Joint Committee of Public Accounts and Audit.

The Audit and Risk Committee will provide a statement to the Chief executive whether the Chief Executive's system of internal control is appropriate for the NBA, with reference to any specific areas of concern or suggestions for improvement.

Other functions

The Chief Executive may determine additional functions to be undertaken by the Audit and Risk Committee.

Conduct of the Committee and its Members

Membership

- The Audit and Risk Committee comprises at least three but no more than four members, appointed by the Chief Executive following consultation with the Chair of the NBA Advisory Board.
- The Chief Executive will appoint the Chair of the Committee in consultation with the Advisory Board.
- The Chair will be an independent member.
- A member of the Board may be a member of the Committee.
- The Chief Executive, Deputy Chief Executives, Chief Finance Officer, ANAO, internal auditors and appropriate NBA staff may be invited to attend each Committee meeting or portion thereof as 'participating observers' as determined by the Chair, but will not be members of the committee. They will not have a vote in resolving issues before the Committee.
- Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of the NBA. At least one member of the committee will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.
- Committee members will usually be appointed for an initial period not exceeding three years after which they will be eligible for re-appointment as determined by the Chief Executive.

Conduct of the Committee

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

Members of the committee are expected to understand and observe the legal requirements of the PGPA Act and rules. Members are also expected to:

- act in the best interests of the NBA as a whole;
- apply good analytical skills, objectivity and good judgement;
- 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.

Committee members must not use or disclose information obtained by the committee except in meeting the committee's responsibilities, or unless expressly agreed by the Chief Executive.

Independence

The Audit and Risk Committee is directly accountable to the Chief Executive for the performance of its functions.

The Audit and Risk Committee has no executive powers in relation to the operations of the NBA. The Audit and Risk Committee may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the Chief executive accordingly.

Responsibility for the appropriateness of the NBA's financial reporting, performance reporting, system of risk oversight and management, and system of internal control rests with the Chief Executive.

Access to and use of information

The Chief Executive authorises the committee, in accordance with its role and responsibilities, to:

- obtain any information it needs from any employee or external party (subject to any legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee, including the Chief Executive, at committee meetings; and
- obtain legal or other professional advice, as considered necessary to fulfil its role, at the NBA's expense, subject to approval by the Chief Executive, or delegate.

Conflicts of interest

Once each year, members of the committee will provide written declarations, through the Chair, to the Chief Executive declaring any potential or actual conflicts of interest 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 Chief Executive, 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 potential conflict 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).

The Chair is also responsible for deciding, in consultation with the Chief Executive where appropriate, if he/she should excuse themselves from the meeting or from the committee's consideration of the relevant agenda item(s).

Details of any potential conflict of interest 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. Information provided will include, but not be limited to, the following:

- Audit and Risk Committee Charter
- Audit and Risk Committee Annual Workplan
- Internal Audit Workplan
- Risk Management Framework
- Corporate Plan
- Previous year's Annual Report
- Previous meeting minutes as requested
- Induction with the NBA CEO or Delegate and/or the ARC Chair
- Financial Induction with the NBA CFO, if requested

Administrative arrangements

Meetings

The committee will meet not less than three (3) times a year and may be held more frequently as required. One or more special meetings may be held to review the NBA's annual financial statements and performance statements or to meet other specific responsibilities of the committee. Additional papers may be circulated to the Audit and Risk Committee members for review out-of-session.

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

A quorum for any Audit and Risk Committee meeting will consist of at least two committee members. Meetings can be held in person or by any electronic medium.

Reporting

The Chair may, at any time, report to the Chief Executive any matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Chief Executive.

The Audit and Risk Committee will consider its performance against its charter on an annual basis, and the Chair will report to the Chief Executive on its operation and activities during the year and to confirm to the Chief Executive that all functions outlined in this charter have been satisfactorily addressed.

The Chief Executive shall provide an appropriate report to the Board on the outcomes of each meeting.

When the Chief Executive is not in attendance at the meeting, the Chair of the committee will report to the Chief Executive on its operations and activities and when requested provide detailed recommendations to the Chief Executive on operational improvements.

Annual work plan

The committee will prepare a work plan that outlines the activities to be undertaken in any given year, noting that it may consider other or additional matters in response to changes in the NBA's operations and environment.

The forward meeting plan will include the proposed agenda items for each meeting for the forthcoming year and cover all the functions outlined in the charter.

Assessment arrangements

The Chair of the committee, in consultation with the Chief Executive, will undertake a review of the performance of the committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chief Executive) with appropriate input sought from the Chief Executive, committee members, senior management, internal audit, the ANAO, and any other relevant stakeholders, as determined by the Chief Executive.

The Chair will provide advice to the Chief Executive on an external member's performance where an extension of the member's tenure is being considered.

Review of charter

The committee will review this charter annually at the first meeting following the completion of the financial statements. This review will include consultation with the Chief Executive.

Any substantive changes to the charter will be recommended by the committee and formally approved by the Chief Executive.

Secretariat

The Chief Executive, in consultation with the committee, will appoint a person to provide secretariat support to the committee. 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
- ensure that papers are noted as 'For-Official-Use-Only' due to the sensitivity of the content of the papers; and
- ensure the minutes of the meetings are prepared and maintained.

Minutes must be reviewed by the Chair and circulated in a timely manner (within two weeks) to each member and committee advisers and observers, as appropriate.

John Cahill
Chief Executive

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