



Australian Government
Australian Digital Health Agency



Audit and Risk Committee Charter

27 June 2016 v1.0

Approved

Australian Digital Health Agency

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Approvals

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

Document version history

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1.0	27 June 2016	First version

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1 Introduction and purpose

The Australian Digital Health Agency Board (the Board) has established an Audit and Risk Committee in compliance with section 45 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) section 17, Audit Committee for Commonwealth Entities.

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 2013 in respect of:

- financial reporting;
- performance reporting;
- risk oversight and management;
- internal control; and
- compliance 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 of four members, appointed by the Board.

The Audit and Risk Committee must consist of at least 3 persons who have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions. The majority of the members of Audit and Risk Committee must be persons who are not employees of the Agency.

The Board will appoint the Chair of the Audit and Risk Committee.

The Audit and Risk Committee is authorised to appoint a Deputy Chair who will act as chair in the absence of the Chair.

All Board members may attend Audit and Risk Committee meetings, and when they elect to do so, will require copies of Audit and Risk Committee papers.

The Chief Executive Officer and the Chief Financial Officer will not be members of the Audit and Risk Committee.

A representative of the ANAO will be invited to attend meetings of the Audit and Risk Committee, as an observer.

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.

4 Functions

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

4.1 Financial reporting

- Review the financial statements and provide advice to the Board (including recommending their signing by the Board).
- Act as a forum for communication between the Agency's management and the ANAO.
- Review the 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

Review the Agency's systems and procedures for assessing and reporting the achievement of the Agency's performance. In particular, the Audit and Risk Committee will satisfy itself that:

- the Agency's Portfolio Budget Statements and corporate plan include details of how the Agency's performance will be measured and assessed;
- the Agency's approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is sound, and has taken into account guidance issued by the Department of Finance;
- the Agency has sound processes in place for the preparation of its annual Performance Statement and the inclusion of the Statement in its annual report; and
- the Agency's proposed Performance Statement is not inconsistent with the Agency's financial information, including its financial statements, that it proposes to include in its annual report.

4.3 System of internal control

4.3.1 Internal control framework

- Review management's approach to maintaining an effective internal control framework.
- Review whether management has in place relevant policies and procedures, including Accountable Authority Instructions or their equivalent, and that these are periodically reviewed and updated.
- Satisfy itself that appropriate processes are in place to assess whether key policies and procedures are complied with.
- Satisfy itself that management periodically assesses the adequacy of the Agency's information security arrangements, including complying with its reporting obligations.

4.3.2 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.
- Determine whether management has appropriately considered legal and compliance risks as part of the Agency's enterprise risk management plan.
- Provide advice to the Board regarding the issue of the Agency's annual Compliance Report.

4.3.3 Internal audit coverage

- Review the proposed internal audit coverage, ensure the coverage takes into account the Agency's key risks, and approve the Internal Audit Work Plan and internal audit budget.
- Review all 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.
- Obtain an annual report from the Head of Internal Audit, or the outsourced internal audit service provider, on the overall state of the Agency's internal controls.

4.3.4 Business continuity management

- 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.

4.3.5 Delegations

- Review whether appropriate policies and associated procedures are in place for the management and exercise of delegations and authorisations.

4.3.6 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.

4.3.7 Administration of the internal audit function

- Periodically review and approve the Internal Audit Charter.
- Advise the Board on the adequacy of internal audit resources, or budget, to carry out its responsibilities, including completion of the approved Internal Audit Work Plan.
- Monitor management's implementation of internal audit recommendations.
- Periodically review the performance of internal audit, and report the results to the Board.
- In consultation with the Agency's management, approve the appointment of the Head of Internal Audit and internal audit service provider.

4.3.8 Engagement with the ANAO

The Audit and Risk Committee will engage with the ANAO, as the Agency'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 Board on action to be taken on significant issues raised in relevant ANAO reports or better practice guides.

5 Authority of the Audit and Risk Committee

All decisions of the Audit and Risk Committee shall be referred to the Board for approval, other than the following that do not require the approval of the Board:

- the Internal Audit Charter, Internal Audit Plan and internal audit budget;
- the appointment, replacement or dismissal of the Head of Internal Audit, and the internal audit service provider;
- the Agency's Risk Management Framework; and
- an Agency-wide assurance map.

6 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.

7 Administrative arrangements

7.1 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.

7.2 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.

7.3 Quorum

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

7.4 Secretariat

Secretariat arrangements 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.

7.5 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.

7.6 Induction

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

7.7 Assessment arrangements

The Chair of the Audit and Risk 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 Board, each Committee member, senior management, internal audit, the ANAO, and any other relevant stakeholders, as determined by the Audit and Risk Committee.

8 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 and formally approved by the Board.