



Education

# AUDIT COMMITTEE CHARTER



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## Education

### Audit Committee Charter

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### Enquiries

If you have any questions regarding this document, contact:

Name: Kellie Plummer

Title: A/g Chief Internal Auditor

Phone: (02) 6207 4386

E-mail: [Kellie.Plummer@act.gov.au](mailto:Kellie.Plummer@act.gov.au)

### Authorisation

The Audit Committee Charter is approved by the Director-General.

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Director-General

Date

### Version Control

Version	Date	Author	Nature of Amendment
1.0	June 2023	Kellie Plummer	Annual review of Audit Committee Charter

## Contents

1. Objective.....	2
2. Authority.....	2
3. Composition and Tenure .....	2
4. Roles and Responsibilities .....	3
5. Reporting .....	4
6. Meetings .....	4
7. Secretariat .....	5
8. Conflicts of interest .....	5
9. Induction.....	5
10. Assessment arrangements.....	5
11. Review of charter.....	5
Attach. A - Performance Assessment.....	5

## **1. Objective**

- 1.1. The objective of the Audit Committee (the Committee) is to provide advice and assistance to the Director-General on the Education Directorate's risk, control and compliance framework, and its external accountability responsibilities.

## **2. Authority**

- 2.1. The Director-General of the Education Directorate (the Directorate) has established an Audit Committee to assist in fulfilling their responsibilities of maintaining adequate internal controls under section 31 of the *Australian Capital Territory Financial Management Act 1996* (FMA), including:
  - Safeguarding assets of the Directorate.
  - Compliance with applicable legislation.
  - Proper reporting of the financial and performance results of the Directorate.
- 2.2. The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Director-General from time to time.
- 2.3. The Committee has no executive powers, except those expressly provided by the Chief Minister, Treasury and Economic Development Directorate or delegated to it by the Director-General.
- 2.4. The Director-General authorises the Committee, within the scope of its role and responsibilities, to:
  - Obtain any information it needs from any employee and/or external party (subject to their 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 Director-General, at its meetings.
  - Obtain external legal or other professional advice, if considered necessary, at the Directorate's expense.

## **3. Composition and Tenure**

- 3.1. The Committee will consist of at least three and not more than five members appointed by the Director-General. All members of the Committee will be independent external members, one of which will be the Chair of the Committee. In addition, any Director-General nominated executive (at Executive Group Manager level or higher) will perform the role of non-member advisor on the Committee.
- 3.2. The Director-General will appoint the Chair of the Committee. In situations where for example the Chair is not available to attend an Audit Committee meeting, the Chair is authorised to appoint another Chair, in consultation with the Director-General.
- 3.3. The Chair of the Committee can hold the role for a maximum period of five years. Extending the term of appointment for the Chair must not cause the total term to exceed five years as Chair of the Committee.

- 3.4. Members will be appointed for a period not exceeding five years after which they may be eligible for extension or re-appointment. The total period of continuous membership on the audit Committee must not exceed eight years (inclusive of a maximum term of five years as chair of the Committee where applicable). Membership of the Committee is to be reviewed by the Director-General on a periodic basis and, as a minimum, at least every two years.
- 3.5. The Director-General, Chief Finance Officer and the Chief Internal Auditor will not be members of the Committee. However, they and representatives of the ACT Auditor General or other advisers/employees will be invited to attend meetings as observers as determined by the Chair.
- 3.6. The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Directorate. At least one member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

#### **4. Roles and Responsibilities**

- 4.1. Members of the Committee are expected to understand and observe the legal requirements of the *Financial Management Act 1996* and CMTEDD's Framework for Internal Audit Committee and Function (2020).
- 4.2. Members are also expected to:
- Contribute the time needed to study and understand the papers provided.
  - Commit to at least one school visit per year, to support their understanding of the Directorate's risks within a school site.
  - Apply good analytical skills, objectivity and good judgment.
  - Express opinions frankly, explore issues appropriately and demonstrate due diligence in decision making.
- 4.3. Consistent with Section 31 of the FMA, the Director-General has determined that the functions of the Audit Committee are to review and give independent advice on the appropriateness of the Directorate's:
1. **System of risk oversight and management** – including whether:
- a. The Directorate has a sound enterprise risk management framework and associated processes for effective identification and management of its business and financial risks, including those associated with:
    - i. project/programme activities
    - ii. business continuity, emergency management planning arrangements
    - iii. safety, legal, compliance and integrity risks
  - b. The process for developing and implementing the Directorate's fraud control and corruption prevention plan is sound, and the Directorate has appropriate processes and systems in place to detect, capture and

effectively respond to fraud and corruption risks including reporting from the Senior Executive Responsible for Business Integrity Risk (SERBIR).

**2. Financial/performance reporting** – including:

- a. reviewing the annual audited financial statements and related management representations and recommending the signing of those statements.
- b. reviewing the statement of performance process to confirm conformance with relevant ACT legislation and policies.

**3. System of internal control** – including consideration of:

- a. The Directorate's overall control environment, as reflected in its governance, risk management and assurance arrangements.
- b. Internal audit resourcing, coverage and independence in relation to the Directorate's key risks and recommending approval of the Annual Audit & Assurance program.
- c. Internal and external audit reports (including reports from other ACT Government directorates, for example CMTEDD/Shared Services in relation to financial statements), providing advice about significant issues identified and monitoring the implementation of agreed actions.

**5. Reporting**

5.1. The Chair will report to the Director-General annually (December) on:

- The operations and activities of the Committee during the calendar year.
- Confirming that the Committee fully discharged its responsibilities, in line with the Committee's annual workplan and this Charter's requirements.
- The number of meetings held and the number of meetings each member attended.
- The results of the performance review undertaken by the Committee once every two years (as per section 10.1 of this Charter).

5.2. The Chair will also brief the Director-General on matters discussed by the Committee after each Committee meeting.

**6. Meetings**

6.1. The Committee will meet at least 4 times per year. In addition, a special meeting will be held to review the Directorate's annual financial statements and performance statement.

6.2. The Chair is required to call a meeting if requested to do so by the Director-General, or another Committee member.

6.3. A quorum will consist of two Committee members.

## **7. Secretariat**

- 7.1. The Directorate's Audit & Assurance section will provide secretariat support for the Committee. The secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval of the agenda from the Chair, at least one week before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within two weeks of the meeting to each member and Committee observers, as appropriate.

## **8. Conflicts of interest**

- 8.1. Once a year, Committee members will provide written declarations to the Director-General stating any conflicts of interest that would preclude them from being members of the Committee.
- 8.2. Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic.
- 8.3. Where members or observers at 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.

## **9. Induction**

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

## **10. Assessment arrangements**

- 10.1. The Chair of the Committee, in consultation with the Committee members, will initiate a review of the performance of the Committee at least once every two years, on the basis of Attachment A. The results of this review will be included in the annual report to the Director-General.

## **11. Review of charter**

- 11.1. The Committee will review this charter at least once a year. This review will include consultation with the Director-General.
- 11.2. Any substantive changes to the charter will be recommended by the Committee and formally approved by the Director-General.

## Attachment A - Audit Committee performance self-assessment

<p>This self-assessment is designed to assist in assessing the Audit Committee's performance.</p> <p>This survey is expected to be completed by all committee members, once every two years.</p>	Strongly Agree	Some what Agree	Agree	Disagree	Some what Disagree	Strongly Disagree	Comments (optional)
<b>Terms of Reference and Composition</b>							
1. The committee has clear and appropriate Charter / Terms of Reference.							
2. The committee has the right number of members.							
3. The committee has members with the skills and expertise that are needed by the committee.							
<b>Committee Management</b>							
4. The committee meets at the appropriate time of day.							
5. I received orientation to the committee that was helpful to me as a member of the committee.							
6. The committee is receiving the support from the Directorate that it requires.							
7. Information is received sufficiently							



in advance of the meeting.							
8. The committee meets the right number of times over the year.							
<b>Committee Roles and Responsibilities</b>							
9. The committee understands and reviews the Directorate's financial reporting requirements.							
10. The committee effectively reviews the effectiveness of the system for monitoring the entity's compliance with relevant laws and regulations.							
11. The committee adequately understands and reviews the Directorate's risk management framework and whether an effective approach is being followed in managing the entity's major risks.							
12. The committee understands and reviews management's systems and arrangements for maintaining effective internal controls.							
13. The committee completes its annual workplan.							
14. The committee is overall effective in							

providing the Director-General support by providing advice and assurance.							
<b>Chair Effectiveness (only members to complete)</b>							
15. The chair is prepared for committee meetings.							
16. The chair keeps the meetings on track.							
17. The chair supports the committee's work.							
18. The chair encourages participation and manages discussion.							
<b>Overall Committee Performance</b>							
19. Overall, I am satisfied with my contribution to the committee.							
20. Overall, I am satisfied with the committee's contribution.							
<p>Other comments or suggestions to improve performance and effectiveness of Committee operations. Also in this section please include any other areas of focus that you wish to see in 20XX and/or beyond.</p> <p>Name (optional):</p>							