



National Emergency Management Agency Audit and Risk Committee – Charter

November 2023

Introduction

The Coordinator-General has established the Audit and Risk Committee in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Act Rule 2014* (PGPA Rule).

Functions

Section 17(2) of the PGPA Rule establishes the mandatory functions for audit committees

The Audit and Risk Committee (ARC) will provide independent advice to the Coordinator-General on the appropriateness of the National Emergency Management Agency's (NEMA): financial reporting; performance reporting; systems of risk oversight and management; and systems of internal control. The ARC should also provide advice on any specific areas of concern and/or suggestions for improvement to NEMA's current approach to these arrangements.

Financial Reporting

The ARC will provide written advice to the Coordinator-General on the appropriateness of the NEMA's financial reporting as it relates to the annual financial statements. This will include reviewing the NEMA's annual financial statements, including planning, assurance, risks, key accounting policies, significant accounting judgements and estimates, for preparation of the financial statements and supplementary reporting pack. The ARC will consider any issues which may prevent the signing of the NEMA's financial statements or relate to non-compliance with relevant legislation and guidance.

Performance Reporting

The ARC will provide written advice to the Coordinator-General on the appropriateness of the NEMA's performance reporting including the annual performance statements. This will include reviewing the NEMA's performance reporting framework, including compliance with relevant legislation and guidance, being fit for purpose and supported by appropriate systems, processes and controls to report results completely and accurately. It will also include consideration of the NEMA's approach for developing appropriate measures against which NEMA assesses its performance.

System of Risk Oversight and Management

The ARC will provide written advice to the Coordinator-General on the appropriateness of NEMA's system of risk oversight and management, including compliance with relevant legislation and guidance. This will include reviewing the NEMA's risk management framework and fraud control and corruption framework, including compliance with the relevant legislation and guidance, and consideration of the effectiveness of management's processes to identify and manage key risks, including those related to fraud.

System of Internal Control

The ARC will provide written advice to the Coordinator-General on the appropriateness of NEMA's system of internal control, including compliance with the relevant laws, regulations and associated government policies. This will include reviewing elements of the NEMA's control framework, such as:

- governance arrangements (e.g. the NEMA's Accountable Authority Instructions and delegations and business continuity management arrangements),
- the systems for monitoring legislative and policy compliance,
- internal audit resourcing and coverage in relation to NEMA's key risks, including recommending the annual internal audit plan and agreed scope for each audit to the Coordinator-General, and
- internal and Australian National Audit Office (ANAO) audit reports, providing advice about significant issues identified and the implementation of agreed actions.

Membership

Section 17(3), (4) and (5) of the PGPA Rule establishes the requirements in relation to the membership of audit committees

The ARC will comprise of a minimum of three external members, appointed by the Coordinator-General, one of which will perform the role of Chair. Members shall be appointed for an initial term of approximately three years. Members may be re-appointed for further periods, at the discretion of the Coordinator-General, with a total term not exceeding seven years.

In appointing members, the Coordinator-General will give consideration to ensuring there is an appropriate balance between continuity of membership, the contribution of fresh perspectives, and a suitable mix of qualifications, knowledge, skills and experience.

The members should collectively develop, possess and maintain a broad range of skills and experience relevant to the NEMA's operations and governance, the environment in which NEMA operates and the ARC's contribution to the NEMA.

The NEMA is committed to an overall 50:50 gender representation (with a 60:40 minimum for individual committees) across all NEMA's governance committees.

Individual Responsibilities of Audit and Risk Committee Members

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

- have a sound understanding of NEMA's functions, objectives and operational context,
- act objectively and in the best interests of NEMA,
- express opinions constructively and openly, raise issues that relate to the ARC's responsibilities and pursue independent lines of enquiry, and
- contribute the time required to adequately consider the papers provided.

Conduct of the Audit and Risk Committee

Authority

The ARC is directly accountable to the Coordinator-General for the performance of its functions. It has no executive management responsibilities.

The Coordinator-General authorises the ARC to obtain information from, hold discussions with, or request presentations by any official, external party or the external auditors, as it deems necessary to fulfil its objective.

From time to time the ARC may seek advice from external specialists to assist discharge its functions. The engagement of external specialists must be authorised by the Coordinator-General or their delegate and comply with the Commonwealth Procurement Rules.

Sub-committees

The ARC, in consultation with the Coordinator-General, may establish sub-committees to assist it fulfil its responsibilities. A member of the ARC may be appointed as the Chair of the sub-committee.

The sub-committee will document its responsibilities, membership and reporting arrangements for approval by the ARC.

The Chair of the sub-committee will report to the ARC after each meeting. Any matter deemed of sufficient importance will be reported to the Coordinator-General through the Chair of the ARC.

Relationships

Management

To support the NEMA achieve better business outcomes, the ARC will engage with management in a timely, constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the Coordinator-General. Management may present and/or provide reports to the ARC within the scope of its functions.

Internal Audit

While day to day issues under the contract with the outsourced internal auditors will be handled by the management, the internal auditors will have direct access to the ARC at any time. The ARC will also meet privately with the internal audit service providers at least once per year.

ANAO

The ARC will also engage with the ANAO, the NEMA's external auditor, in relation to the ANAO's financial statement and performance audit coverage. The ARC will also monitor management's responses and implementation of recommendations relating to ANAO financial statement management letters and reports, and performance audit reports. It will also meet privately with the ANAO at least once per year.

Reporting

The ARC will report as often as necessary, and at least once a year in an annual report, to the Coordinator-General on its operations and activities during the year to communicate their view on the appropriateness of the functions it reviews, including reference to any specific areas of concern or suggestions for improvement.

The ARC may, at any time, report to the Coordinator-General any other matter it deems of sufficient importance to do so. In addition, an individual ARC member may request a meeting with the Coordinator-General at any time.

Conflicts of Interest

Once each year, members will provide written declarations through the Chair, to the Coordinator-General, declaring any potential or actual conflicts of interest they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations, and the Coordinator-General, 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 ARC meeting, members are required to declare any potential or actual conflicts 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 ARC's consideration of the relevant agenda item(s). Details of real or perceived conflicts of interest declared by members and action taken will be appropriately minuted.

If the Chair has a real or perceived conflict, it will be managed with the Coordinator-General, or in the Coordinator-General's absence, with the Deputy Chair.

Access to and use of Information

ARC members must not use or disclose information obtained by the ARC except in meeting the Committee's responsibilities, or unless expressly agreed by the Coordinator-General.

Assessment arrangements

The ARC Chair, in consultation with the Coordinator-General, will conduct a review of the performance of the ARC at least once every two years.

Charter

This Charter is principles based with an accompanying annual work plan detailing the activities the ARC will undertake in acquitting its functions. It is approved by the Coordinator-General and published in the NEMA's Annual Report. It will be reviewed at least annually and updated as required to reflect any changes in the NEMA's operating environment.

Administrative Arrangements

Meetings

The ARC will meet at least four times per year. Special meeting(s) may be convened, at the Chair's discretion, in consultation with the Coordinator-General, to discuss any matter deemed sufficiently significant.

The Chair is authorised to appoint a Deputy Chair, who will act as Chair when required.

The Chair is required to call a meeting if asked to do so by the Coordinator-General.

Meeting attendance by non-members

The Coordinator-General, Chief Operating Officer and/or head of Corporate, Chief Financial Officer, Chief Risk Officer, internal auditor and external auditor can attend and participate in meetings as observers. The ARC may, at its discretion, deal with particular issues or agenda items with none, some, or all of the invitees listed in this paragraph. The ARC may also ask such invitees to absent themselves from particular discussions.

Quorum

A quorum will consist of two ARC members one of whom must be the Chair or the Deputy Chair (if appointed). The quorum must be in place at all times during the meeting.

Secretariat

The Committee will be supported by the Secretariat managed by the Assistant Coordinator-General Corporate. The Secretariat will ensure the Chair approves the agenda for each meeting; the agenda and supporting papers are circulated at least five business days before the meeting; and the minutes of the meetings are prepared and maintained.

Maintenance of Records

The Secretariat will maintain records of all meeting papers and minutes, the ARC's key functional and administrative arrangements (remuneration, reappointment, conflict of interest declarations, etc.), reviews of the ARC and its Charter, and any other material relevant to the conduct of the ARC or its meetings.

Induction

New members will receive relevant information and briefings on the business and operations of NEMA to assist them to meet their ARC responsibilities.

Annual Report Disclosures

Section 17AG of the PGPA Rule establishes the information to be included in the Annual Report

The following information shall be disclosed in the NEMA's Annual Report: membership of the ARC; qualifications, skills and experience of each member; details of each member's attendance at meetings; and remuneration of each member.

Approval

Coordinator-General, Brendan Moon AM

3 November 2022

| No | Approval Date | Approver | Description | Owner | Next Review |
|----|------------------|---------------------|---|--|---------------|
| 1 | 3 November 2022 | Coordinator-General | Initial Audit and Risk Committee Charter for the National Emergency Management Agency | Assistant Coordinator-General Corporate | November 2023 |
| 2 | 23 November 2023 | | Annual review no changes made | Assistant Coordinator-General, Corporate | November 2024 |