



BOARD AUDIT RISK AND FINANCE COMMITTEE CHARTER

1. The Board has established an Audit, Risk and Finance Committee (the 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 Committees for Commonwealth Entities*.

PURPOSE

2. The Committee is a sub-committee of the Board of the Australian Maritime Safety Authority (AMSA or Authority) established to assist the Board discharge its responsibilities under the *Australian Maritime Safety Authority Act 1990* and the PGPA Act. Under subsection 17(2) of the PGPA Rule, the functions of the Audit Committee include reviewing the appropriateness¹ of AMSA's financial reporting, performance reporting, system of risk oversight and management and the system of internal control.
3. 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 Board.

AUTHORITY

4. The Board authorises the Committee, in performing its functions, 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 Committee meetings
 - obtain legal or other professional advice at the Authority's expense, as considered necessary to meet its responsibilities.

MEMBERSHIP

5. The Committee will comprise at least three members, appointed by the Board, who are not employees of the Authority².
6. The Board will appoint the Chair of the Committee who shall not be the Chair of the Board.
7. The Chair of the Board, Chief Executive Officer and employees of AMSA may attend meetings as advisers or observers, as determined by the Chair, but must not be members of the Audit, Risk and Finance Committee.

¹ Department of Finance Resource Management Guide 202 *A Guide for Corporate Commonwealth entities on the role of audit committees* advises that 'appropriateness; has its ordinary meaning of 'suitable or fitting for a particular purpose'.

² PGPA Rule Section 17(3) and (4AA). Department of Finance Resource Management Guide 202 *A Guide for Corporate Commonwealth entities on the role of audit committees* advises that 'Non-executive board members are not considered employees of the entity'.

8. The Chair of the Board and other Board members may attend Committee meetings, and when they elect to do so will be provided with copies of Committee papers.
9. A representative(s) of ANAO will be invited to attend meetings of the Committee, as an observer.
10. Membership of the Committee will be reviewed periodically (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.
11. The Committee members will keep abreast of contemporary developments and leading practices in relation to the Committee's responsibilities and functions.

FUNCTIONS

Financial reporting

12. The Committee will review and provide written advice to the Board on the appropriateness of:
 - (a) the annual financial statements and their compliance with the PGPA Act, the PGPA rule, the Accounting Standards and supporting guidance, and recommend the signing of the financial statements by the Board
 - (b) AMSA's consolidated financial statements supplementary reporting pack
 - (c) AMSA's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

13. The Committee will review and provide written advice to the Board on the appropriateness of:
 - (a) performance information included in AMSA's Portfolio Budget Statements and Corporate Plan
 - (b) the framework for developing and reporting performance information and the development of the annual performance statements
 - (c) AMSA's annual performance statements
 - (d) AMSA's performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management

14. The Audit Committee will review and provide written advice to the Board on the appropriateness of:
- (a) AMSA's enterprise risk management framework and associated internal controls for effective identification and management of its risks consistent with the Commonwealth Risk Management Policy
 - (b) the approach to managing AMSA's major risks, including those associated with individual projects, program implementation, and activities
 - (c) AMSA's fraud control arrangements to detect, control and effectively respond to fraud risks consistent with the Commonwealth Fraud Control Framework
 - (d) AMSA's system of risk oversight and management as a whole, with reference to the Commonwealth Risk Management Policy and Commonwealth Fraud Control Framework, referring to any specific areas of concern or suggestions for improvement.

System of internal control

15. The Committee will review and provide written advice to the Board on the appropriateness of AMSA's system of internal control by reference to the following items and advising of any specific areas of concern or suggestions for improvement:
- (a) **Internal control framework:**
 - (i) review whether relevant policies and procedures are in place, including Accountable Authority Instructions, delegations, bullying or harassment policies
 - (ii) review whether there are appropriate processes to assess whether key policies and procedures are complied with
 - (b) **legislative compliance:** review the systems for monitoring AMSA's compliance with those laws, regulations and associated government policies with which the Authority must comply including PGPA legislation and other elements of Finance Law, the *Australian Maritime Safety Authority Act 1990* (AMSA Act), *Public Service Act 1999*, *Work Health and Safety Act 2011* and the *Privacy Act 1998*
 - (c) **security compliance:** review management's approach to maintaining an effective security system through reference to the Protective Security Policy Framework and AMSA's ICT security policy
 - (d) **business continuity arrangements:** determine whether a sound and effective approach has been followed in establishing AMSA's business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested
 - (e) **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
 - (f) **parliamentary committee reports and external reviews:** review the mechanism for reviewing relevant parliamentary committee reports, external reviews and evaluations of the AMSA and reviewing the implementation of any recommendations agreed by Management.

Internal audit

16. The Committee will:
- (a) review the proposed internal audit coverage and ensure the coverage takes into account AMSA's key risks; and recommend that the Board approve the Internal Audit Plan and internal audit budget
 - ~~(b)~~ review all audit reports by outsourced internal audit service providers and provide advice to the Board on significant issues raised
 - (c) monitor management's implementation of recommendations in audit reports by the outsourced internal audit service providers.
17. The Committee will:
- (a) review and approve the Internal Audit Charter
 - (b) assess the performance of the internal audit provider
 - (c) meet privately with the internal audit service provider at least once per year
 - (d) in consultation with management, review the appointment of the internal audit service provider and recommend to the Board for its approval.

Other functions

18. The Committee will undertake other activities related to its responsibilities as requested by the Board.

Engagement with the Australian National Audit Office

19. The Committee will engage with the ANAO, as AMSA's external auditor. In particular, the Committee will:
- (a) provide input on planned ANAO financial statement audit coverage
 - (b) review ANAO performance audits specific to the Authority and relevant cross-agency performance audits and monitor the implementation of audit recommendations and provide advice to the Board on significant issues raised
 - (c) review management's responses to all ANAO financial statement audit Closing Letters and monitor the implementation of audit recommendations
 - (d) satisfy itself that the appropriate mechanisms are in place to review and implement, where appropriate, issues raised in relevant ANAO performance audits of other Commonwealth agencies
 - (e) meet privately with the ANAO at least once per year.

AUTHORITY OF THE COMMITTEE

20. All decisions of the Committee shall be referred to the Board for approval, other than approval of the Internal Audit Charter that does not require the approval of the Board.

REPORTING

21. The Committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate.
22. The Chair of the Committee will report to the Board at the next Board meeting following a meeting of the Committee on any matters that the Committee considers should be brought to the attention of the Board.
23. The 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.

ADMINISTRATIVE ARRANGEMENTS

Meetings

24. The Committee will meet at least four times per year. One or more special meetings may be held to review AMSA's annual financial statements or to meet other responsibilities of the Committee.
25. All Committee members are expected to attend each meeting, in person or via tele-or-video conference.
26. The Chair 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, the internal audit service provider or the ANAO.

Planning

27. The Committee will develop a forward meeting program 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

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

Secretariat

29. Secretariat arrangements will be the same as for the Board.
30. The secretariat will ensure that:
 - (a) the agenda for each meeting is approved by the Chair
 - (b) the agenda and supporting papers are circulated at least one week before the meeting
 - (c) the Minutes of the meetings are prepared and maintained
 - (d) the Minutes are forwarded in a timely manner to the Chair and Committee members for review and included in the papers for the following meeting for approval.

Conflicts of Interest

31. On joining the Committee, members will disclose any perceived, potential or actual conflicts of interest in a standing notice of interests. The 'Disclosure of Interest' is provided at the beginning of each Committee meeting and updated.

32. Committee members also provide a list of possible conflicts of interest that are separate to the standing notice of interests (holding of shares and self-managed superannuation funds). The Authority has provided a mechanism that allows conflicts of interest to be disclosed by Committee members that protect the confidentiality of the information provided. Potential or actual conflicts of interests by Committee members would be considered by the Office of Legal Counsel and the considered outcome would apply to the extent to which the Committee member participates in the decision making process of the Authority.
33. Where a member has declared a specific matter on the meeting agenda, the steps to implement a course of action can be decided by the Chair. In general, actions may include withdrawing from particular discussions, restricting the flow of information, abstaining from decisions, relinquishing the interest or the position.
34. Standing notices of interests are minuted at each meeting and where an interest has been declared, then in addition to the minuting of the declaration, the minutes would also record what if any action the meeting as a whole takes in response to the declaration.

Induction

35. New members will receive relevant information and briefings on their appointment in relation to AMSA and its operations to assist them to meet their Committee responsibilities.

Assessment arrangements

36. 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 each Committee member, senior management, the internal audit service provider, and any other relevant stakeholders as determined by the Committee. The outcomes of the review will be reported to the Board.

Review of charter

37. At least once a year the Committee will review this charter.
38. Any substantive changes to the charter will be recommended by the Committee for formal approval by the Board.

Approved by:

23 September 2020



BOARD CHAIR