

Audit and Risk Committee Charter

Authorising officer

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Australian Communications and Media Authority

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1 Introduction

The Chair of the Australian Communications and Media Authority (ACMA), as the accountable authority, has established an Audit and Risk Committee (the Committee) for the entity in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the PGPA Rule - Audit Committee for Commonwealth entities.

This Charter defines the functions and responsibilities of the Committee. It has been developed in accordance with the PGPA Act, PGPA Rule and the Department of Finance's RMG 202 – A guide for non-corporate Commonwealth entities on the role of audit committees.

1.1 ACMA and eSafety Commissioner

The eSafety Commissioner is an independent statutory office holder under the *Online Safety Act 2021* (Online Safety Act). In addition, under section 170 of the Online Safety Act, the eSafety Commissioner is an official of the ACMA for the purposes of the finance law.

The ACMA makes staff available to assist the eSafety Commissioner to perform the Commissioner's functions and exercise the Commissioner's powers. In accordance with section 184(3) of the Online Safety Act, all ACMA staff who are assisting the eSafety Commissioner are officials of the ACMA and, as such, are subject to directions issued by the Chair of the ACMA as the accountable authority of the entity.

For the purposes of the finance law, the ACMA and the eSafety Commissioner are considered to be a single entity. Consequently, this Charter's references to 'the entity' include both the ACMA and the eSafety Commissioner. The Chair's obligations as the accountable authority extend to the activities of the eSafety Commissioner as they relate to promoting the proper use and management of public resources, including the requirements of the PGPA Act relating to planning, performance and accountability, and encouraging cooperation with others to achieve common objectives.

2 Role

The Committee's role is to provide independent advice to the accountable authority on the appropriateness of the entity's financial reporting, performance reporting, system of risk oversight and management, and system of internal control. The Committee is not responsible for the executive management of these functions.

The Committee is supported in discharging its responsibilities by the entity's internal audit function.

3 Authority

The accountable authority authorises the Committee, within the scope of its functions and responsibilities, to:

- obtain any information it needs 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 the Chair of the ACMA or the eSafety Commissioner, at committee meetings
- obtain external legal or other professional advice, as considered necessary to fulfil its role, at the ACMA's expense, subject to approval by the Chair of the ACMA or delegate.

4 Conduct

4.1 Members

The accountable authority determines the composition of the Committee and appoints its members. In accordance with subsection 17(4) of the PGPA Rule, members of the Committee must not be officials of the entity and the majority of the members must be persons who are not officials of any Commonwealth entity.

The Committee comprises a minimum of 3 members. The Committee Chair is authorised to appoint a Deputy Chair who will act in the absence of the Committee Chair.

When appointing members, the accountable authority should ensure that the collective qualifications, knowledge, skills and experience of the Committee's members are suitable to enable the Committee to perform its functions in the context of the entity.

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 be appointed for an initial period determined by the accountable authority. The Committee Chair will be appointed for a minimum of 3 years, with an option to extend. Members will normally be appointed for a specified period not exceeding 2 years after which they will be eligible for extension or re-appointment, following a review of their performance and the complementary skills and experience of the other members.

Members may be re-appointed for further periods after consideration of their performance, as specified by the accountable authority.

The Committee is directly responsible and accountable to the accountable authority for the performance of functions and activities identified in this Charter. These may be revised, at any time, by the accountable authority.

4.2 Internal advisers

The accountable authority may appoint one or more senior manager (SES1 or EL2) members of staff as internal adviser(s) to the Committee for a nominated period of time, which may be extended. The internal advisers give considered expert advice and counsel in connection with areas of the entity where subject-matter expertise would enhance the Committee's understanding of the issues at hand, and have a Terms of Reference for their role, read in conjunction with this Charter.

4.3 Observers

A representative(s) of the ANAO and a representative(s) from the entity's internal audit provider will be invited to attend meetings of the Committee, as an observer.

4.4 Responsibilities of the Committee

The Committee will engage with the entity's management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the accountable authority.

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

- act in the best interests of the entity as a whole
- apply good analytical skills, objectivity and sound judgment
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry

- provide advice that takes into account the entity's operational context, strategic direction and key risks
- contribute the time required to meet their responsibilities.

Committee members will be afforded access to all information necessary to enable the Committee to effectively carry out its role. Committee members are entitled to request further information from management as required, including requests for the Committee to engage with entity officials.

Members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the accountable authority.

4.5 Entity Management

The Committee will engage with the entity's executive in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the accountable authority. The entity's executive is responsible for the management of the entity's financial and performance reporting, risk oversight and management, and system of internal control functions.

4.6 Internal Audit

The Committee will be assisted by the entity's internal audit function. The internal audit function is responsible for delivering an internal audit program in line with the Committee's guidance and subject to approval by the accountable authority.

The Committee will support the accountable authority by providing oversight of the internal audit function.

4.7 Strategic Internal Audit Plan

The Committee will work together with the entity's executive and the appointed internal auditors to formulate a three-year Strategic Internal Audit Plan (SIAP). The accountable authority will be consulted during this process and will approve the final SIAP.

Once a year the Committee will provide, with the appointed internal auditors, an annual SIAP to the accountable authority. The annual SIAP will be based on the three-year SIAP and will detail the audits to take place during the following financial year, including the general scope of each audit and indicative timing. The annual SIAP will be approved by the accountable authority of the entity.

4.8 Engagement with the ANAO

The Committee will engage with the ANAO, as the entity's external auditor, in relation to the ANAO's financial statement and performance audit coverage.

In particular, the Committee will:

- monitor planned ANAO financial statement and performance audit coverage
- review management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations
- provide advice to the accountable authority on action to be taken on significant issues raised in relevant ANAO reports, audit insights or correspondence.
- meet in private session with the ANAO at least once per year.

The Committee will monitor the audit and assurance activities of the ANAO to identify areas, issues or trends which may be relevant to the functions and operations of the entity.

4.9 Conflict of interest

Once each year, Committee members will provide written declarations, declaring any actual or perceived conflicts of interest they may have in relation to their responsibilities. The accountable

authority, in consultation with the Committee Chair, should be satisfied that there are sufficient processes in place to manage any actual or perceived conflicts.

At the beginning of each committee meeting, members are required to declare any actual or perceived conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Committee Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Committee Chair is also responsible for deciding, in consultation with the accountable authority where appropriate, if they should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of any actual or perceived conflicts of interest declared by the Chair of the Committee and other members, and actions taken, will be appropriately recorded in the minutes.

5 Operating context

For the Committee to adequately fulfil its responsibilities, it must maintain an awareness of the operating context for the entity. The entity's Corporate Plan sets the foundations for the entity's strategic priorities moving forward in a rapidly changing communications, media and online landscape.

6 Key functions

The Committee is directly responsible and accountable to the accountable authority of the entity. The Committee's key functions are to review the appropriateness of the entity's:

- financial reporting
- performance reporting
- system of risk oversight and management
- system of internal control.

6.1 Financial Reporting

In providing advice on the appropriateness of the entity's financial reporting, the Committee is to review:

- the entity's annual financial statements
- the preparation of any other supporting documentation requested by the Department of Finance in preparing the Australian Government's consolidated financial statements
- the processes and supporting systems in place for preparing financial reporting information and to be confident that the financial information included in the entity's annual report is consistent with the signed financial statements
- processes in place to allow the entity to stay informed throughout the year of any changes of additional requirements in relation to the financial reporting
- sign-off by the entity's management in relation to the quality of the financial statements, internal controls and compliance
- the external auditor's advice concerning the adequacy of the entity's accounting policies and the quality of the entity's processes for the preparation of its financial statements, through discussions with the ANAO
- whether appropriate management action has been taken in response to any significant issues raised by the ANAO.

6.2 Performance Reporting

In providing advice on the appropriateness of the entity's systems and procedures for assessing, monitoring and reporting on the achievement of the entity's performance, the Committee is to review whether:

- the entity's Portfolio Budget Statements (PBS) and corporate plan contain appropriate details of how the entity's performance will be measured and assessed
- the entity's approach to measuring its performance throughout the financial year against the performance measures included in its PBS and corporate plan is appropriate and in accordance with the Commonwealth performance framework.
- the entity has appropriate systems and processes in place for the preparation of its annual performance statements and their inclusion in the entity's annual report
- the entity has processes in place to provide assurance that the proposed annual performance statements are consistent with the entity's financial information, including its financial statements that it proposes to include in its annual report.

The Committee will also review:

- the entity's annual performance statements as a whole
- sign-off by the entity's management in relation to the quality of the performance information to be included in the corporate plans and performance statements.

6.3 System of risk oversight and management

In providing advice on the appropriateness of the entity's system of risk oversight and management, the Committee is to review:

- the enterprise risk management policy framework and internal processes for effective identification and management of the entity's risk, and that they are aligned with the Commonwealth Risk Management Policy
- the entity's approach to managing its key risks, including those associated with individual projects and program implementation and activities, through engagement with senior executives and the internal audit program
- the process for developing and implementing the entity's fraud and corruption control arrangements, consistent with the fraud and corruption control framework, and satisfying itself that the entity has adequate processes for detecting, capturing and effectively responding to fraud and corruption risks.

6.4 System of internal control

In providing advice on the appropriateness of the entity's system of internal control, the Committee is to review management's approach to maintaining an effective:

- internal control framework
- legislative and policy compliance
- security compliance
- internal audit function including oversight of this function.

Internal Control Framework

The Committee is to review management's approach to maintaining an effective internal control framework including:

- whether management has in place relevant policies and procedures, including Accountable Authority Instructions and delegations, and that these are periodically reviewed and updated
- controls in relation to functions performed by external parties such as contractors and advisers
- whether appropriate processes are in place to assess whether key policies and procedures are complied with.

Legislative and policy compliance

The Committee is to:

- review the effectiveness of the system for monitoring the entity's compliance with relevant laws, regulations and associated government policies with which the entity must comply
- determine whether management has appropriately considered legal and compliance risks as part of the entity's enterprise risk management framework
- review the entity's bi-annual PGPA Act Compliance Report
- review the entity's approach on implementing the Commonwealth's Integrity Framework and steps to improve integrity maturity.

Security compliance

The Committee is to review management's approach to maintaining an effective internal security system. This includes considering compliance with the Protective Security Policy Framework and whether management periodically assesses the adequacy of the entity's security arrangements, including information and cyber security.

Internal audit coverage

The Committee is to review the entity's internal audit coverage, including:

- that it considers the coverage takes into account the entity's key risks over time, and recommends approval of the Strategic Internal Audit Plan by the accountable authority
- reviewing all audit reports, providing advice to the accountable authority on major concerns identified in audit reports and recommending action to be taken on significant matters raised, including identification and dissemination of information on good practice
- reviewing an annual report from the entity's outsourced internal audit service provider, on matters arising from the program over the past 12 months.

In reviewing the entity's internal audit function, the Committee will also:

- review the Standard Operating Procedure – Audit every 2 years, to ensure appropriate authority, access and reporting arrangements are in place
- advise the accountable authority of any matters relating to the adequacy of internal audit resources, or budget, to carry out its responsibilities, including completion of the approved Strategic Internal Audit Plan
- monitor management's implementation of internal audit recommendations
- periodically review the performance of internal audit, and report the results to the accountable authority
- provide a recommendation to the accountable authority on the appointment of the Internal Audit Service Provider
- periodically meet in private session with the Internal Audit Service Provider.

7 Other functions

Governance arrangements

The Committee is to periodically consider whether the entity's governance arrangements are fit-for-purpose and, where appropriate, suggests improvements to the accountable authority.

Business continuity management

The Committee is to satisfy itself that an appropriate approach has been taken to establishing the entity's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

Ethical and lawful conduct

The Committee is to consider ethical and lawful conduct within the entity, including whether the accountable authority 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.

Parliamentary committee reports and external reviews

The Committee will satisfy itself that the entity has appropriate mechanisms for reviewing relevant parliamentary committee reports and external reviews and implementing, where appropriate any recommendations arising from these reports and reviews.

8 Reporting

The Committee is required to provide documented advice, at least annually, to the accountable authority to confirm that all functions outlined in this Charter have been satisfactorily addressed. The Committee may, at any time, report to the accountable authority on any other matter it deems of sufficient importance to do so. In addition, at any time an individual member may request a meeting with the accountable authority.

8.1 Written statements

The Committee is to provide advice to the accountable authority annually, which will contain, in the form of written statements, advice on the following:

- a statement on the appropriateness of the performance information included in the entity's PBS
- a statement on the appropriateness of the performance information included in the entity's corporate plan
- a statement on the appropriateness of the entity's financial reporting and a recommendation in relation to the signing of the financial statements for the financial year, including that the financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance
- a statement on the appropriateness of the entity's annual performance statements, and performance reporting as a whole, including adherence to the PGPA Act and Rule prior to the signing of the performance statements
- a statement on the appropriateness of the entity's system of risk oversight and management with reference to the Commonwealth Risk Management Policy
- a statement on the appropriateness of the entity's system of internal control.

8.2 Annual Report and self-assessment

The Committee will, as often as necessary and at least once a year, report to the accountable authority on its operation and activities during the year and confirm that all functions outlined in this Charter have been satisfactorily carried out.

Every 2 years, the annual report will include the results of a self-assessment of the Committee's performance.

9 Meeting arrangements

9.1 Meeting frequency

The Committee will meet 5 times per calendar year, including a 'walk-through' meeting to review the entity's annual financial statements and annual performance statements. The Committee Chair may choose to hold additional meetings as necessary for the Committee to fulfil its Charter responsibilities.

The Committee Chair is required to call a meeting if asked to do so by the accountable authority. The Committee Chair may also decide to hold a meeting if requested by another member, the internal audit providers or the ANAO.

9.2 Planning

The Committee will develop a forward meeting schedule and annual work plan 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.

9.3 Quorum

A quorum will consist of a majority of committee members. The quorum must be in place at all times during the meeting.

9.4 Secretariat

The accountable authority will appoint resourcing to provide secretariat support to the Committee.

The secretariat will ensure:

- the meeting agenda for each meeting is approved by the Committee Chair
- the meeting agenda and supporting papers are circulated at least 5 working days prior to the scheduled meeting, unless otherwise agreed
- the meeting agenda will include details of any conflicts of interest previously declared by Committee members
- the minutes of the meeting are prepared and maintained.

Minutes must be reviewed by the Committee Chair and circulated, within 10 working days of the meeting, to members and observers as appropriate.

9.5 Induction

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

9.6 Assessment of performance

The Committee Chair, in consultation with the accountable authority, will undertake a review of the performance of the Committee every 2 years. The review will be conducted on a self-assessment basis with appropriate input sought from the accountable authority, Committee members, senior management, the internal audit service providers, the ANAO and any other relevant stakeholders, as determined by the accountable authority.

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

9.7 Review of Charter

The Committee will review this Charter at least once a year. Any substantive changes to the Charter recommended by the Committee will be brought to the attention of the accountable authority before they are formally approved by the accountable authority.