



Australian Government
Aboriginal Hostels Limited



AHL
ACCOMMODATION

For Australia's First Peoples

AUDIT, RISK AND FINANCE COMMITTEE CHARTER
ABORIGINAL HOSTELS LIMITED
FEBRUARY 2022

APPROVAL / REVIEW

Approval	Review conducted	Review due
AHL Board, 18 February 2021	Annual review consistent with governance requirements.	February 2022
AHL Board, 16 March 2022	Annual review consistent with governance requirements. Restructured to reflect with Department of Finance model charter and best practice including document control information.	February 2023

REFERENCES

<i>Public Governance, Performance and Accountability Act 2013</i>
<i>Public Governance, Performance and Accountability Rules 2014</i>
Department of Finance – A guide for corporate Commonwealth entities on the role of audit committees
Department of Finance – Model charter for audit committees
Finance Secretary’s Direction - Requirements for Information included in Portfolio Budget Statements
AHL Constitution
AHL Board Charter
AHL Asset Management Committee Charter

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1. INTRODUCTION

The Aboriginal Hostels Limited (AHL) Board of Directors, as the accountable authority, has established the Audit Risk and Finance Committee (ARFC) in compliance with section 92 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) section 28, audit committees for wholly-owned Commonwealth companies.

The Audit Risk and Finance Committee (the Committee) is a sub-committee of the AHL Board.

This Charter sets out the Committee's purpose, authority, responsibilities, membership, reporting and administrative arrangements.

2. ROLE OF THE AUDIT RISK AND FINANCE COMMITTEE

The AHL Board has established the Committee to assist the Board to discharge its responsibilities under the PGPA Act and Rule. The Committee's role is to provide independent assurance to the Board on the appropriateness of the Company's:

- financial planning
- financial reporting
- performance reporting
- risk oversight and management
- systems of internal control, and
- legislative and policy compliance.

The Committee will provide a regular statement to the Board on the appropriateness of these functions for AHL, with reference to any specific areas of concern or suggestions for improvement.

The Committee is not responsible for the executive management of these functions. The Committee will engage with AHL management in a constructive and professional manner in discharging its responsibilities and formulating its advice to the AHL Board.

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

- act in the best interests of AHL as a whole
- apply good analytical skills, objectivity and good judgment
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry, and
- contribute the time required to meet their responsibilities and consider appropriate professional development.

3. AUTHORITY

The Board authorises the 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 Committee meetings, and
- obtain legal or other professional advice at AHL's expense, as considered necessary to meet its responsibilities.

All Committee decisions shall be referred to the AHL Board for approval, other than:

- decisions on the appointment, replacement or dismissal of AHL's internal audit service provider, which will be made by the CEO in consultation with the Committee, and
- an organisation-wide assurance map.

4. MEMBERSHIP

Members

The Committee comprises a minimum of four members, and up to five members, appointed by the Board¹. At least two of the members will be drawn from the Board and at least two members will be external appointees with either:

- experience and understanding of the public and/or private service sector, able to bring skills and knowledge relevant to AHL's core business or this committee's function, and / or
- qualifications and experience in finance, risk and accounting, and with an understanding of accounting and auditing standards in a public sector environment.

The Board will appoint a Committee member as the Chair; normally a member of the Board, other than the Chair of the Board.

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

Membership of the Committee will be reviewed periodically (but at least every three years) by the AHL 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.

Advisers and observers

The following positions will be invited to each meeting:

- Chief Executive Officer (CEO)
- Chief Financial Officer (CFO)
- General Manager, Operations
- General Manager, Business Development and Employment.

The CEO is not required to attend each meeting but will be expected to attend for significant agenda items.

The Chair of the Board and other Board members may attend committee meetings and, when they elect to do so, will receive copies of committee papers.

A representative of AHL's internal audit service provider will be invited to attend all meetings of the Committee.

A representative of the ANAO will be invited to attend all meetings of the Committee as an observer.

The Chief Information and Security Officer, Director Human Resources, Director Finance and other AHL staff may be invited to present or observe at meetings of the Committee, as agreed with the Chair.

¹ The Audit Risk and Finance Committee may have a temporary increase in the number of members as a result of staggering the rotation of members.

5. FUNCTIONS AND RESPONSIBILITIES

5.1 Financial planning and reporting

Financial Planning

The Committee will review and recommend to the Board:

- policies that maintain and improve the financial health and integrity of AHL
- a 3-year financial plan for AHL, and
- an annual operating budget and annual capital budget consistent with the 3-year financial plan and financial policies.

The Committee will assess the financial aspects of major proposed procurements, projects and new services, as well as proposals to discontinue services and make recommendations to the Board.

Financial Reporting

The Committee will:

- review processes and systems for preparing financial reporting information
- review the annual audited financial statements and provide advice to the Board, including recommending their signing by the Chair of the Board. In particular, the Committee will:
 - review compliance with the PGPA Act, the PGPA Rules, accounting standards and supporting guidance
 - assess any significant changes to accounting policies and practices
 - review significant or unusual transactions
 - assess whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures, and
 - review the processes in place designed to ensure that financial information included in AHL's annual report is consistent with the signed financial statements.
- review the CFO's annual financial solvency statement and provide advice to the Board
- monitor the standard of financial information provided to the AHL Board, and discuss with the ANAO the auditor's judgments about the adequacy of AHL's accounting policies and the quality of AHL's processes for the preparation of AHL's financial statements
- monitor the financial performance of AHL against budgets, long-term trends and industry benchmarks.

5.2 Performance reporting

The Committee will:

- assess whether AHL's Portfolio Budget Statements (PBS) and corporate plan contain appropriate information on how the Company's performance will be measured and assessed
- review and recommend to the Board whether AHL's systems and approach to measuring performance throughout the financial year against the performance measures included in its PBS and corporate plan are adequate, appropriate and in accordance with the [Commonwealth performance framework](#). This may include reviewing, over time, particular elements of the performance measures.
- review and endorse for the Board the Company's annual report including performance information as required by the PGPA Act and Rule
- consider any issues relating to the Company's performance that the Committee considers warrant review, or are referred to the Committee by the AHL Board.

5.3 Risk oversight and management

The Committee will:

- determine whether a sound and effective approach and framework has been established for the identification, management and reporting of risks
- review AHL's risk management framework on an annual basis and endorse for the Board's approval:
 - AHL Risk Appetite Statement
 - AHL Risk Policy
 - AHL Enterprise Risk Management Plan and Framework.
- review the approach to managing AHL's key risks, including those associated with individual projects and program implementation and activities
- review the articulation of key roles and responsibilities relating to risk management and adherence by AHL officials.

5.4 Systems of internal control

Internal controls framework

The Committee will:

- assess whether management has in place comprehensive and relevant policies and procedures designed to maintain an effective internal control framework, including over external parties such as contractors and advisers
- assess the process for developing and implementing the AHL's fraud control arrangements and satisfy itself that AHL has adequate processes for detecting, capturing and effectively responding to fraud risks
- assess the adequacy of AHL's physical and information technology security arrangements.

Delegations

The Committee will assess whether appropriate policies and supporting procedures are in place for the management and exercise of delegations on an annual basis.

Legislative and policy compliance

The Committee will:

- assess the effectiveness of the system for the identification and monitoring of AHL's compliance with those laws, regulations and associated government policies that the Company must comply with
- determine whether management has appropriately considered legal and compliance risks as part of the Company's enterprise risk management plan.

Work Health and Safety (WHS) compliance

The Committee will:

- assess the adequacy of WHS reporting specifically in relation to:
 - hazard and incident reporting
 - notifiable incidents and compensable cases
- monitor the implementation of effective WHS policies, procedures and practices.

Internal audit coverage

The Committee will:

- review and approve the Internal Audit Charter
- review the proposed internal audit coverage, ensure the coverage is aligned with AHL's key risks; and approve the internal audit plan

- review all audit reports and provide advice to the Board on significant issues identified in audit reports and recommend action on issues raised, including identification and dissemination of good practice
- review and provide advice, if requested, on the appointment, replacement or dismissal of AHL's internal audit service provider in consultation with management
- monitor management's implementation of internal audit recommendations
- assess the performance of internal audit at least once each year
- meet separately, as required with AHL's internal audit service provider (but not less than once per year) to seek independent advice on the overall state of AHL's internal controls.

Business continuity management

The Committee will determine whether a sound and effective approach has been followed in establishing AHL's business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested.

Ethical and lawful behaviour

The Committee will assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.

Governance systems and processes

The Committee will assess and provide advice on whether AHL's governance framework and internal controls provide appropriate oversight and assurance for the Company.

6. ENGAGING WITH THE ANAO

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

The Committee will:

- provide input on planned ANAO financial statement and performance audit activity
- 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 take on significant issues raised in relevant ANAO reports or publications, and
- meet privately with the ANAO at least once each year.

7. ADMINISTRATIVE ARRANGEMENTS

7.2 Annual work plan

Each year the Committee will develop a forward work plan that outlines its meeting schedule, proposed agenda items and the activities to be undertaken to ensure the Committee achieves the functions and responsibilities of its Charter.

7.3 Induction

The Secretariat will provide new members with relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

7.4 Sub-committees

The Committee may establish one or more sub-committee/s to assist the full Committee in meeting its responsibilities.

The responsibilities, membership and reporting arrangements for each sub-committee shall be documented and approved by the full Committee, including:

- a member of the full Committee is appointed as Chair of the sub-committee and the membership of sub-committees may extend beyond members of the full Committee if additional expertise on particular matters is required
- minutes of all sub-committee meetings are to be taken, distributed promptly to all members of the full Committee, and tabled for discussion at the next full Committee meeting, and
- important issues that require consideration by the full Committee are brought to the attention of the Chair immediately following a sub-committee meeting to ensure the Chair is positioned to decide what action to take.

7.5 Meetings

The Committee will meet at least four times per year. One or more special meetings may be held to review AHL's annual financial statements or to meet other responsibilities of the Committee.

All Committee members are expected to attend each meeting in person or via teleconference or video conference.

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

The Chair is required to call a meeting if asked to do so by the Board. The Chair will decide if a meeting is required if requested by another member, AHL's internal audit service provider or the ANAO.

7.6 Reporting

The Committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate.

The Chair of the Committee will report any matters the Committee considers should be brought to the attention of the Board at the next Board meeting following a meeting of the Committee.

At least once annually the Committee will confirm to the Board that all functions and responsibilities outlined in this Charter have been carried out, and comply with any other reporting requirements specified by the Board from time to time.

7.7 Secretariat

The Company Secretary will provide secretariat support to the Committee. The secretariat will ensure:

- the agenda for each meeting is approved by the Chair
- the agenda and supporting papers are circulated at least one week before the meeting
- the minutes of the meetings are prepared and maintained, and
- the minutes are reviewed by the Chair and circulated within two weeks of the meeting to each member and committee observers, as appropriate.

8. CONFLICTS OF INTEREST

The Company Secretary will maintain a register recording any material personal interests a Committee member may have in relation to their responsibilities, including but not limited to, past employment, consultancy arrangements and related party issues.

The register of interests will be tabled and updated at each Committee meeting and reported to the Board. The Board, in consultation with the Chair, should be satisfied there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda or any updates to the register of interests. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if they should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s).

Details of declared material personal interests and any subsequent action will be appropriately recorded in the minutes and reported to the Board.

9. REVIEWING AND ASSESSING COMMITTEE PERFORMANCE

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 the Board, each Committee member, senior management, AHL's internal audit service provider, the ANAO, and any other relevant stakeholders, as determined by the Committee.

10. REVIEW OF CHARTER

The Committee will conduct an annual review of its Charter for approval by the Board.