



AUDIT AND RISK COMMITTEE CHARTER

Director National Parks (DNP) is a Corporate Commonwealth Entity responsible for the conservation and management of the Australian Government's terrestrial and marine protected area estates established under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). In addition to statutory functions under the EPBC Act, the DNP has a range of obligations under the leases for Booderee, Kakadu, and Uluru-Kata Tjuta National Parks. Further the Minister for the Environment (the Minister) and the Secretary have also delegated the DNP certain Departmental functions that complement the DNP's statutory functions.

ESTABLISHMENT

The Audit and Risk Committee (the *Committee*) is established by the DNP as the accountable authority in compliance with subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

FUNCTIONS

The DNP has determined the functions of the *Committee* as set out in this charter, in compliance with subsection 45(2) of the *PGPA Act* and subsections 17(1) and 17(2) of the *Public Governance, Performance and Accountability Rule 2014* (the *Rule*).

The *Committee* reviews the appropriateness of the relevant DNP's:

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

FINANCIAL REPORTING

The *Committee* will review and provide advice on the appropriateness of the entity's:

- annual financial statements
- processes and systems for preparing financial reporting information.

The *Committee* will provide a letter addressing the annual financial statements to the DNP. The statement will include the Committee's view on the compliance with the:

- PGPA Act
- PGPA Rules
- Accounting Standards
- supporting guidance
- consideration of the appropriateness of the DNP's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

PERFORMANCE REPORTING

The *Committee* will review and provide advice on the appropriateness of DNP's systems and procedures for assessing, monitoring and reporting on achievement of the DNP's performance.

In particular, the *Committee* will seek evidence to satisfy itself that:

- the DNP's Portfolio Budget Statements and corporate plan contain appropriate details of how the DNP's performance will be measured and assessed.
- the DNP's approach to measuring performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and corporate plan is appropriate and in accordance with the *Commonwealth performance framework*. This may include, over time, reviewing particular elements of the performance measures.
- the DNP has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.

The *Committee* will provide a statement to the DNP whether, in their view, the DNP's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

SYSTEM OF RISK OVERSIGHT AND MANAGEMENT

The *Committee* will review and provide advice on the appropriateness of the DNP's:

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the DNP's risks, in keeping with the Commonwealth Risk Management Policy (CRMP) which is best practice for corporate Commonwealth entities (CEs).
- approach to managing the DNP's key risks – including those associated with individual projects and program implementation activities.
- process for developing and implementing the DNP's fraud control arrangements consistent with the Commonwealth Fraud and Corruption Framework.
- articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the entity.

The *Committee* will provide a statement to the DNP whether in their view, the DNP's system of risk oversight and management as a whole is appropriate (with reference to the CRMP), along with highlighting any specific areas of concern or suggestions for improvement.

SYSTEM OF INTERNAL CONTROL

The *Committee* will review and provide advice on the appropriateness of the DNP's:

- internal control framework, including by:
- reviewing management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing whether key policies and procedures are complied with.

reviewing whether management has in operation relevant policies and procedures.

- reviewing the effectiveness of systems for monitoring the DNP's compliance with laws, regulations, and associated government policies with which the DNP must comply.

- determining whether management has adequately considered legal and compliance risks as part of the DNP's enterprise risk management framework, fraud and corruption control framework and planning.
- security compliance, including by:
 - reviewing management's approach to maintaining an effective internal security system (aligning with the Protective Security Policy Framework as a matter of better practice).
- business continuity and disaster recovery, including by:
 - satisfying itself that an appropriate approach has been taken in establishing business continuity planning arrangements – including whether business continuity and disaster recovery plans have been periodically updated and tested.
- internal audit coverage, including by:
 - reviewing proposed internal audit coverage, ensuring that the coverage takes into account the DNP's primary risks, and recommending approval of the annual Internal Audit Program (IA Program) by the accountable authority.
 - reviewing all IA Program reports, providing advice to the relevant accountable authority on major concerns identified in those reports, and recommending action on significant matters raised – including identification and dissemination of information on good practice.
- external scrutineers, including by:
 - satisfying itself that the DNP has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the DNP and implementing, where appropriate, any resultant recommendations.
 - reviewing the implementation of agreed recommendations from the Australian National Audit Office (ANAO) audits or Joint Committee of Public Accounts and Audit (JCPAA) and other parliamentary committee reports directed to the entity.

The *Committee* will provide a statement to the accountable authority whether the DNP's system of internal control is appropriate for the entity, with reference to any specific areas of concern or suggestions for improvement.

ADDITIONAL FUNCTIONS

The accountable authority may determine additional functions to be undertaken by the *Committee*. The accountable authority has determined the additional functions of the *Committee* set out below:

Internal audit recommendations

- reviewing the closure by management of agreed recommendations from IA Program reports to determine whether management has demonstrated sufficient verification of implementation to warrant closure.

ANAO and JCPAA recommendations

- reviewing the closure by management of agreed recommendations from ANAO financial and performance statements audits, ANAO performance audits, and JCPAA reviews to determine whether management has demonstrated sufficient verification of implementation to warrant closure.

MEMBERSHIP

The *Committee* will consist of at least three (3) independent members, where independent is defined by the Department of Finance. Collectively, members will have suitable skills and experience relevant to the operations of the DNP. At least one member will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.

Members are appointed by the Secretary of Climate Change, Energy, the Environment and Water for a term determined by the Secretary and agreed by the DNP. The Chair may appoint a Deputy Chair.

A member may resign at any time by giving written notice to the DNP and the Chair. The resignation will take effect when the notice is received by the DNP, or later if stated in the notice.

Employees of the DNP or other APS agencies are not considered to be independent and cannot be appointed as members of the *Committee*.

Members will declare any conflict of interest (actual or perceived) and will complete a written conflict of interest declaration annually.

Members of the *Committee* must operate in the best interests of the entity and understand and observe the legal requirements of the *PGPA Act* and *PGPA Rule* and any official guidance relevant to performing their functions.

SUB-COMMITTEES

Sub-committees may be established by the *Committee* in consultation with the DNP to assist the *Committee* in meeting its responsibilities.

The Chair of any sub-committee must be independent. APS employees with suitable experience and knowledge may be appointed as members of sub-committees.

The responsibilities, membership and reporting arrangements for each sub-committee will be documented and approved by the *Committee*.

The sub-committees do not assume any management functions. Management must not exert inappropriate influence over the work of sub-committees.

AUTHORITY

The DNP authorises the *Committee*, within the scope of its role and responsibility, to:

- obtain information from any official, employee or external party (subject to legal obligation to protect information)
- discuss any matters with internal or external auditors (subject to confidentiality considerations)
- refer Internal Audit reports or other information to management committees or boards of the entity as required
- request the attendance of any official or employee, including an accountable authority or external party, at meetings
- obtain independent legal or other professional advice to meet its responsibilities, if necessary, at the DNP's expense and approved by the DNP or delegate.

CONDUCT OF THE COMMITTEE

The *Committee* is responsible to the DNP for the performance of its functions.

It has no executive powers in relation to the operations of the DNP. The *Committee* may only review the appropriateness of particular aspects of DNP operations, consistent with its functions and advise the DNP accordingly.

To support the entity to achieve better business outcomes, the *Committee* will engage with management in a timely, constructive and professional manner in discharging its advisory responsibilities and formulating advice to the DNP.

The DNP's Internal Audit function will assist the *Committee* to discharge its responsibilities by providing access to all internal audit reports.

The *Committee* may request attendance or reporting from management at meetings, within the scope of its functions.

REPORTING

The *Committee* will report annually to the DNP. The annual report will include the *Committee's* operation and activities including that all functions outlined in this Charter have been satisfactorily addressed.

The *Committee* may report as often as necessary to the DNP's governance committees on its view on the appropriateness of the functions it reviews. The *Committee* may report (collectively or individually) to the DNP at any time on any matter it deems sufficiently important. The Chair and the DNP will meet to discuss each Committee meeting, as required and requested.

CONSULTATION

The *Committee* will develop and maintain open and constructive relationships with DNP Executive committees, Internal Audit functions, and the *Committee* secretariat. The *Committee* will collaborate to ensure a strategic approach is taken to provide advice on the appropriateness of the DNP's accountability and control frameworks.

ADMINISTRATIVE ARRANGEMENTS

MEETINGS

The *Committee* will meet at least four times a year. Special meetings may be held to review annual financial statements and performance statements or to meet other specific responsibilities.

The Chair will call a meeting if asked to do so by the DNP and decide if a meeting is required if requested by another member, Internal Audit or the ANAO.

QUORUM

A quorum is at least two (2) members. The quorum must be in place at all times during the meeting.

ATTENDANCE

The DNP and key staff including the Chief Operating Officer, Chief Financial Officer, General Counsel, Chief Risk Officer, Chief Internal Auditor, Chief Information Officer and Senior Executive Officers (or their equivalent) may attend meetings as observers or advisers, as determined by the *Committee*.

Representatives of the ANAO may attend as observers.

PLANNING

The *Committee* will contribute to, and approve, an annual work plan and meeting schedule that includes the date, location, and proposed agenda items for each meeting for the forthcoming year and covers all the functions outlined in the *Audit and Risk Committee Charter*.

ASSESSING PERFORMANCE

The *Committee's*, sub-committees' and member performance, will be reviewed at least every two years. The review, conducted on a self-assessment basis, will seek input from *Committee* members, advisors and observers, senior management and any other relevant stakeholders.

REVIEW OF THE CHARTER

At least once a year, the *Committee* will review this Charter. Any substantive changes will be recommended by the *Committee* and formally approved by the Director of National Parks.

SECRETARIAT

The Department of Climate Change Energy Environment and Water (DCCEEW) will provide full secretariat services to the *Committee* in accordance with an agreement with the DNP.

The secretariat will ensure the agenda for each meeting is approved by the Chair, the agenda and supporting papers are circulated, where possible, at least one week before the meeting and ensure that minutes of the meeting are prepared and maintained. Minutes must be forwarded in a timely manner to the Chair and members for review and provided to *Committee* advisers and observers at the next meeting of the *Committee*.

ADDITIONAL SERVICES

The Additional Services and role of the *Committee* will be determined by a separate agreement with each of the accountable authorities. Consistent with section 45 of the PGPA Act, in broad terms the *Committee* will review the appropriateness of the relevant accountable authority's:

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

The manner in which this is best undertaken including specific tasks will be agreed between the *Committee* and relevant portfolio entity.

SIGNED



Mr Ricky Archer, Director of National Parks

10 / 09 / 2024

Version History		
Date	Status	Action
9 December 2022	Version 1	Endorsed in session by the Audit Committee
22 May 2023	Version 1	Signed by the Director of National Parks
9 July 2024	Version 2	Updated for edits and alignment with the DCCEEW Charter