

AUSTRALIAN NATIONAL MARITIME MUSEUM COUNCIL

CHARTER OF THE AUDIT COMMITTEE

1 INTRODUCTION

The Council has established the Audit Committee (the Committee) under section 15 of the *Australian National Maritime Museum Act 1990* in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

This charter sets out the Committee's objectives, authority, responsibilities, composition and tenure, reporting and administrative arrangements as required by section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

Pursuant to section 17 of the PGPA Rule, the functions of an audit Committee must include the following:

- Financial reporting
- Performance reporting
- System of risk oversight and management; and
- System of internal control.

This Committee is also responsible for advising on Work, Health and Safety.

2 OBJECTIVE

The objective of the Committee is to provide independent assurance and advice to the Council on a range of matters including the ANMM's risk, control and compliance framework as well as its financial statements and financial management responsibilities.

3 AUTHORITY

The Council authorises the Committee, within its responsibilities, to:

- obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of a Director or any employee at Committee meetings; and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities, at the ANMM's expense to a pre-approved limit of \$2,000 per occurrence.

4 COMPOSITION AND TENURE

- The Committee is to comprise at least three people who are appointed by the Council having regard to section 17 of the PGPA Rule.¹
- The members of the Committee must have a broad range of skills and experience relevant to the operations of the ANMM and at least 3 of the members must have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions.
- The Council is to appoint the Chair of the Committee.

¹ Note that Section 17(5) of the PGPA Rule provides that the following persons may not be members of the Audit Committee: (a) ... the head (however described) of the accountable authority (ie the Chairman of the Council); (b) the Chief Financial Officer (however described); (c) the Chief Executive Officer (however described) (ie the Director of the Museum).

- The Committee may appoint a Deputy Chair to act as Chair of the Committee when the Chair is absent.
- Members are to be appointed for an initial period not exceeding three years. Members may be reappointed after a review of their performance, for a further period not exceeding three years.
- The Chair of the Committee may approve the attendance of relevant members of the museum's Management as advisors to the Committee, as well as the staff providing secretariat services, to attend Committee meetings. The Committee may elect to meet without any advisors present and may also ask the Director to withdraw from particular discussions.
- A representative of an external audit entity may be invited to attend all meetings of the Committee to provide advice and information as required by the Committee.
- Any Councillor may attend any Committee meeting. Where a Councillor who is not a member of the Committee attends a Committee meeting, they are taken to be a member of the Committee for that meeting.

5 RESPONSIBILITIES

A. Risk Management

1. Review whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the ANMM's business and financial risks, including fraud;
2. Determine whether a sound and effective approach has been followed in managing the ANMM's major risks including workplace health & safety and those associated with individual projects, program implementation, and activities;
3. Assess the impact of the ANMM's enterprise risk management framework on its control environment and insurance arrangements;
4. Determine whether a sound and effective approach has been followed in establishing the ANMM's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested;
5. Review the process of developing and implementing the ANMM's fraud control arrangements and satisfy itself the entity has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information; and
6. Review reports on fraud from the ANMM's Fraud Control Officer that outline any identified allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in the entity.

B. Internal control

1. Review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective;
2. Review whether management has in place relevant policies and procedures, including Executive Director's Instructions or their equivalent, and that these are periodically reviewed and updated;
3. Determine whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with;
4. Review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations;

5. Consider how management identifies any required changes to the design or implementation of key internal controls; and
6. Assess whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

C. Financial statements

1. Satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of key internal controls;
2. Review the financial statements and provide advice to the Director; (including whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements) and recommend their signing by the Council; and
3. Review the processes in place designed to ensure that financial information included in the ANMM's annual report is consistent with the signed financial statements.

D. Financial management

1. Review the annual operational and capital budgets and recommend them to Council;
2. Review at each meeting the actual financial performance against these budgets and note updated expenditure and revenue forecasts as appropriate; and
3. Ensure explanations for significant variations between budgets and forecasts are consistent with the members' understanding of the ANMM's operations.

E. Legislative and policy compliance

1. Review the effectiveness of the system for monitoring the ANMM's compliance with those laws, regulations and associated government policies that it must comply with;
2. Review, where relevant, the ANMM's compliance with International Conventions, particularly the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
3. Determine whether management has appropriately considered legal and compliance risks as part of the ANMM's enterprise risk management plan; and
4. Provide advice to the Council regarding the the ANMM's Annual Performance Statement.

F. Internal audit

1. Act as a forum for communication between the Council, senior management and internal audit;
2. Review the proposed internal audit coverage, ensure the coverage is aligned with the NMM's key risks, and recommend approval of the Annual Audit Work Plan by the Council;
3. Review progress against the approved internal audit work plan and recommend any significant changes to Council;
4. Coordinate, as far as practicable, audit programs conducted by internal audit and other review functions;
5. Review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice;
6. Monitor management's implementation of internal audit recommendations;
7. Review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;
8. Periodically review the performance of internal audit; and

9. Recommend to the Director the appointment of the internal auditor where outsourced or co-sourced.

G. External audit

1. Act as a conduit for communication between the Council, senior management and external audit;
2. Provide input and feedback on financial statement and performance audit coverage proposed by external audit, and provide feedback on the audit services provided;
3. Review all external audit plans and reports in respect of planned or completed audits and monitor management's response and implementation of audit recommendations; and
4. Provide advice to the Council on action to be taken on significant issues raised in relevant external audit reports or better practice guides.

H. Governance arrangements

1. Periodically review the ANMM's governance arrangements or elements of the arrangements as determined by the Council and suggest improvements, where appropriate, to the Council.

I. Work Health and Safety

1. Ensure a best practice and continuous improvement approach, is adopted by the museum in all matters of work, health and safety;
2. Monitor compliance with work health and safety legislation, standards, codes of practice, policies and procedures;
3. Review serious accidents and incidents and make recommendations to the museum Executive to eliminate or minimise the likelihood of a recurrence;
4. Periodically inspect selected museum assets to review work, health and safety conditions and protocols.

J. Other responsibilities

1. Parliamentary Committee reports and external reviews
 - Satisfy itself that the ANMM has appropriate mechanisms in place to review and implement, where appropriate, relevant parliamentary Committee reports and external reviews of the ANMM, and recommendations from these reports and reviews.
2. Performance reporting framework
 - Satisfy itself that the ANMM has an appropriate performance reporting framework that meets government policy objectives and requirements and is linked to the ANMM's objectives and outcomes.
3. Management reports
 - Satisfy itself, by reference to staff turnover rates and other indicators, that staff and volunteers are well managed, that appropriate workforce planning is undertaken and that the ANMM's higher level performance reporting is underpinned by a robust individual performance management program.
 - Satisfy itself that both strategic and operational management of buildings, ICT systems and other assets aligns to better practice and supports the ANMM's objectives and outcomes;
 - Satisfy itself that major capital works programming aligns with organisational priorities, is realistic and is affordable;
 - Satisfy itself that the management of major capital works projects (i.e. those with a value > \$500K) aligns to better practice and that these projects produce quality fit for purpose deliverables on time and on budget;

- Satisfy itself that relevant policy, strategy and plans are in place and that new and/or amended policy etc. supports the ANMM's objectives and outcomes; and
- Satisfy itself, by reference to various data that management will present from time to time, that performance is in line with government and Council expectations.

6 RESPONSIBILITIES OF COMMITTEE MEMBERS

Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act 2013 and subordinate legislation. Members are also expected to:

- act in the interests of the ANMM;
- apply good analytical skills, objectivity and good judgment; and
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry.

7 REPORTING

The Committee will, through its Chair, report to each Council meeting on the work performed by the Committee at its previous meeting, update the Council about its operations and activities, and make recommendations for approval by the Council as required.

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

8 ADMINISTRATIVE ARRANGEMENTS

Meetings

The Committee will meet at least four times per year. A special meeting may be held to review the ANMM's annual financial statements.

The Chair is required to call a meeting if asked to do so by the Chair of the Council, and decide if a meeting is required if requested by another member.

Planning

The Committee will develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, that cover all the responsibilities outlined in this charter.

Attendance at meetings and quorums

The quorum for meetings of the Committee is two persons or if the majority of the Committee is greater than two persons, then that number of persons.

Secretariat

The Council, in consultation with the Committee, will appoint a person to 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; and the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair within two weeks of the meeting and provided to each member and Committee observers, not later than the next meeting at which they will be adopted.

Conflicts of interest

Once each year, members of the Committee will provide written declarations to the Chair for provision to the Council declaring any potential or actual conflicts of interest they may have in relation to their responsibilities. External members should consider past employment,

consultancy arrangements and related party issues in making these declarations, and the Chair should be satisfied that 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 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 Committee's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately minuted.

Induction

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

ANAO Better Practice Guide

Members of the Committee will be provided with a copy of the ANAO Better Practice Guide titled "Public Sector Audit Committees: Independent Assurance for Accountable Authorities". The aspiration is that the Committee will progressively implement suggestions in this guide as resources permit.

Assessment arrangements

The Chair of the Committee, in consultation with the Chair of the Council, will initiate a review of the performance of the Committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Council) with appropriate input sought from Council members, Committee members, senior management, the internal and external auditors and any other relevant stakeholders, as determined by the Chair of the Council.

The Chair will provide advice to the Council on a member's performance where an extension of the member's tenure is being considered.

Review of charter

At least every two years this charter will be reviewed by Council.

Any substantive changes to the charter will be recommended by the Committee and formally approved by the Council.

9 APPROVAL

This Charter was approved for adoption by the ANMM Council on 2 September 2020.

A handwritten signature in black ink, appearing to read "John Mullen", with a horizontal line underneath it.

John Mullen AM
Chairman, Council of the Australian National Maritime Museum