



ACT
Government

ACT Health

ACT HEALTH DIRECTORATE AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

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Authorisation

The Charter is endorsed by the Director-General, ACT Health Directorate.

4 July 2023

Rebecca Cross
Director-General
ACT Health Directorate

Date

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Purpose

1. The ACT Health Directorate Audit and Risk Management Committee (the Committee) has been established to assist in fulfilling the oversight of Governance, Compliance and Risk Management responsibilities outlined in the following key legislation:

- a) Section 31 of the Financial Management Act 1996 (FMA) states:

“The responsible director-general of a directorate is accountable to the responsible Minister of the directorate for the efficient and effective financial management of the public resources for which the directorate is responsible.”

This includes the responsibility for maintaining adequate internal controls for safeguarding the assets of the Directorate, compliance with applicable legislation and the proper reporting of the financial results of the Directorate; and

- b) Section 9 of the *Public Sector Management Act 1994 (PSM)* requires public employees to exercise reasonable care and skill in performing their duties, to act impartially and with probity and to avoid wastage and extravagance in the use of public resources.
- c) Section 4.1 of the *ACT Internal Audit Committee and Function Framework 2020*, states “The governing body of each agency is responsible for establishing an audit committee. The audit committee is accountable to the governing body. Each agency will establish an audit committee as a separately constituted body unless it is not practicable and not cost effective to do so.”

Role of the Audit and Risk Management Committee

2. The role of the Committee is to provide independent advice to the Director-General on the Directorate’s financial and performance reporting responsibilities, risk oversight and management, and system of internal control.

Authority

3. The Committee acts independently of management. It does not have executive powers or management functions to implement actions in areas over which management has responsibility and does not have delegated financial responsibility.
4. The Director-General authorises the Committee, within its role and responsibilities as outlined in this charter, to:
 - a) obtain any information it requires from any official or external party (subject to any legal obligation to protect information);

- b) discuss any matters with the ACT Auditor-General, or other external parties (subject to confidentiality considerations);
- c) request the attendance of any staff at committee meetings; and
- d) obtain legal or other professional advice, as considered necessary to fulfil its role, at ACT Health Directorate’s expense, subject to approval by the Director-General or delegate.

The Committee

Composition

5. The ACT Health Directorate Audit and Risk Management Committee is comprised of at least three external and a maximum of two management representatives.

Chair and Deputy Chair	External to the Directorate and the ACT Government and able to provide a perspective independent to management.
External Member(s)	External to the Directorate (can be from within the ACT Government) and able to provide an independent perspective to the Committee.
Management Representatives	One to two Management Representatives from the ACT Health Directorate (at the Executive Group Manager to Senior Director level).
Advisors	Chief Financial Officer Chief Information Officer Senior Executive Responsible for Business Integrity Risk (SERBIR) Executive Group Manager, Corporate and Governance Executive Branch Manager, Governance and Risk (Head of Internal Audit) Senior Director, Audit, Procurement and Risk Assistant Director, Internal Audit External providers of internal audit services, as required by the ARMC
Observers	Representative of the ACT Audit Office.
Director-General	The Director-General has a standing invitation to attend all meetings.

Appointment of members

6. In accordance with the *ACT Internal Audit Committee and Function Framework* the ARMC members and management representatives, including the Chair and Deputy Chair of the Committee are to be appointed by the Director-General.
7. Due to the nature of their functions, the Chief Finance Officer, Chief Information Officer, and the executive management roles that oversee these positions will not be considered for appointment to the committee.

Review of membership

8. Membership of the Committee will be reviewed by the Director-General on a regular basis but at a minimum of every two years. The membership will aim to reflect an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience across public sector administration and governance, risk management, legislative compliance, with at least one member of the committee having sound accounting or related financial management experience and/or qualifications, with a comprehensive understanding of accounting standards.

Membership Term

9. The Chair of the Committee will be appointed for one term of at most three years, with any extension at the discretion of the Director-General and in consideration of the *ACT Government Framework for Internal Audit 2020*.
10. Members of the audit committee may be appointed for one term of three years with an extension of this term at the discretion of the Director-General and in consideration of the *ACT Government Framework for Internal Audit 2020*. A member can be appointed as a chair either prior to or subsequent to their term as a member.

Management Representatives, Advisors, and observers

11. Management representatives will be appointed by the Director-General for a term of three years, from the Directorate's Senior Executive team.
12. Where matters arise during a meeting that require further clarification or explanation, the Committee may invite relevant subject matter experts to attend. At the discretion of the Chair, observers may attend Committee meetings. The Committee may also meet in the absence of advisors and observers.

Quorum

13. A quorum will comprise of a majority of members. Should the Chair be absent for a meeting, the Deputy Chair will undertake the role for that meeting. If there is no quorum, the Chair or Deputy Chair can resolve to continue the meeting inquorate. Any decisions made at this meeting would need to be ratified at the next meeting of the Committee or out of session.

Member roles and responsibilities

14. Committee members will provide independent advice to the Director-General on the appropriateness of the Directorate's accountability and control framework, including in respect of financial and performance reporting. This will include a focus on major programs or activities that may require corrective action to reduce the risk of failure or significant underperformance.
- Members are required to understand and observe the legal requirements of the *Financial Management Act 1996* and associated legislation.
 - Members will:
 - act objectively in the best interests of the Directorate;
 - express opinions constructively and openly, and raise issues that relate to the Committee's responsibilities;
 - encourage open and transparent review of Directorate activities; and
 - contribute adequate time to meet their responsibilities.

Duties of the Committee

15. The Committee will review and give independent advice on the appropriateness of ACT Health Directorate's:

System of risk oversight and management – including whether:

- a) ACT Health Directorate has a sound enterprise risk management framework and associated processes for effective identification and management of its business and financial risks, including those associated with:
 - Project/programme activities
 - Business continuity management planning arrangements; and
 - Legal and compliance risks.
- b) The process for developing and implementing ACT Health Directorate's fraud control and corruption prevention plan is sound and ACT Health Directorate has appropriate processes and systems in place to detect, capture and effectively respond to fraud and corruption risks including reporting from SERBIR.

Financial Reporting – including reviewing the annual audited financial statements and related management representations and recommending whether those statements are suitable for signing.

Performance Reporting – including reviewing the framework for developing, measuring, and reporting key performance indicators and the Directorate's annual performance statement.

System of internal control – including consideration of:

- a) ACT Health Directorate's overall control environment, as reflected in its governance, risk management and assurance arrangements;
- b) Internal audit resourcing, coverage and independence in relation to ACT Health Directorate's key risks and recommending approval of the Annual Internal Audit Work Plan; and

- c) Internal and external audit reports, providing advice about significant issues identified and monitoring the implementation of agreed actions.

Declarations of conflict of interest

16. Once a year, members will provide written declarations to the Chair for provision to the Director-General declaring any potential or actual conflicts of interest they may have in relation to their responsibilities as a member of The Committee. 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 appropriate processes in place to manage any real or perceived conflict(s).
17. At the commencement of each meeting, members and advisors are required to declare any actual or perceived conflict of interest that may apply in respect of any agenda items. 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).

Administration

Frequency of Meetings

18. The Committee will hold four meetings per year. Separate meetings will be scheduled to review ACT Health Directorate's annual financial statements and performance statements.

Planning

19. The Committee will develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting.

Approval of the Internal Audit Program

20. At least annually, the Committee will review and endorse the Directorate's Internal Audit Program for the following financial year.

Secretariat, Minutes and Agenda

21. The ACT Health Directorate's Head of Internal Audit will ensure secretariat support to the Committee.
22. The Secretariat will:
 - a) ensure the agenda for each meeting is approved by the Chair;

- b) circulate the agenda and supporting papers to the committee members at least one week before the meeting. The agenda and papers may be circulated to non-committee members with the approval of the Chair;
- c) ensure the minutes of the meetings are prepared, maintained and circulated to each member within 10 working days, and;
- d) provide relevant information and briefings to members on their appointment to assist them to meet their Committee responsibilities.

Review of Charter

- 23. The Committee will review this Charter at least every two years to ensure it remains current and reflects the Committee's role and objectives. Recommended changes are to be approved by the Director-General.

Reporting

To the Director-General

- 24. The Committee, through the Chair, will report to the Director-General after each meeting on any significant governance, risk and internal control issues and outcomes. Annually, the Committee will provide a report / letter to the Director-General confirming the Committee's discharge of its duties.

Performance and Evaluation

- 25. The Committee will undertake an annual evaluation of its performance and report the results to the Director-General.