



CENTRAL LAND COUNCIL AUDIT COMMITTEE CHARTER

The Council Chair and the Chief Executive Officer (CEO) (herein referred to as the Accountable Authority (AA)) have established an Audit Committee (AC) in compliance with section 45(1) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and PGPA Rule section 17(1) - Audit Committee for Commonwealth entities.

Purpose

The AC of the Central Land Council (CLC) was established to provide independent assurance to the AA in discharging its responsibilities under the Aboriginal Land Rights Act, 1976; Native Title Act, 1999 and the Public Governance, Performance and Accountability Act, 2013 in respect of governance, financial reporting, performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies, as well as section 17(2) of the PGPA Rule.

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

Authority

The AA authorises the AC, within its responsibilities, 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 ANAO, or other external parties (subject to confidentiality considerations);
- c. request the attendance of any official, including members of the Executive Committee, at AC meetings, and
- d. obtain legal or other professional advice at the CLC's expense, as considered necessary to meet its responsibilities.

The AC refers and recommends but does not have a decision-making function for the CLC.

CLC, AC Charter

Membership

The AC comprises a minimum of three independent members, appointed by the AA. (Four members in 2019-20 financial year)

The AA will appoint the Chair of the AC who shall not be the Chair of the Council.

The Deputy Chair who will act as chair in the absence of the Chair.

The AA may attend committee meetings, and when they elect to do so, will require copies of AC papers.

The CEO, General Manager (& Chief Financial Officer), Executive Manager Professional Services, Financial Controller, Senior Financial Accountant or other management representatives may attend meetings as advisers as determined by the AC Chair, but will not be members of the AC.

A representative(s) of the ANAO will be invited to attend meetings of the committee, as an observer.

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

The AC will adopt and maintain a program of induction, training and awareness-raising for its members, with the objective of enabling the AC to keep abreast of contemporary developments and leading practices in relation to its functions.

Functions

The extent of responsibilities to be undertaken by the AC in respect of its functions may be guided by the AA. This charter was developed taking into consideration the specific circumstances of the CLC as a small Commonwealth corporate entity and the extent of financial and other risks faced.

In meeting its obligations under this charter it is reasonable that the AC may rely upon the advice given to it by the ANAO (and any auditor engaged to act on the ANAO's behalf), and senior staff of the CLC including the Director, Chief Financial Officer, General Manager Legal and the Senior Risk and Performance Officer, unless it has come to the AC's attention that other professional advice is warranted. A 'review' of a function under this charter is deemed to have occurred when the ANAO or senior staff have provided advice, and does not require an independent review unless it is dissatisfied with the advice given.

Governance

The AC will be supported by CLC's risk (including internal audit) and performance function that includes responsibility for delivering an internal audit program consistent with the AC's guidance and subject to approval by CLC AA. The AC will exercise a governance role in relation to CLC's internal audit function.

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Financial reporting

Review the financial statements and provide advice to the AA (including recommending their signing by the AA). In particular, the AC will review:

- a. CLC's compliance with accounting standards,
- b. the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies,
- c. areas of significant judgement and financial statement balances that require estimation,
- d. significant or unusual transactions,
- e. sign-off by CLC's management in relation to the quality of the financial statements, internal controls and compliance,
- f. the auditor's judgments about the adequacy of the CLC's accounting policies and the quality of the CLC's processes for the preparation of CLC's financial statements, through discussions with the ANAO, and
- g. whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures.

Review the processes in place designed to ensure that financial information included in CLC's annual report is consistent with the signed financial statements.

Performance reporting

Review CLC's systems and procedures for assessing and reporting the achievement of CLC's performance. In particular, the AC will satisfy itself that:

- a. CLC's Budget Statements and Corporate Plan include details of how CLC's performance will be measured and assessed,
- b. CLC's approach to measuring its performance throughout the financial year against the performance measures included in its Budget Statements and Corporate Plan is sound, and has taken into account guidance issued by the Department of Prime Minister & Cabinet,
- c. CLC has sound processes in place for the preparation of its annual Performance Statement and the inclusion of the Statement in its annual report, and
- d. CLC's proposed Performance Statement is not inconsistent with the entity's financial information, including its financial statements that it proposes to include in its annual report.

CLC, AC Charter

Systems of risk oversight and management

- a. Review whether management has in place a current and sound enterprise risk management framework and associated internal controls for effective identification and management of CLC's business and financial risks, including fraud, and approve the Risk Management Framework.
- b. Satisfy itself that a sound approach has been followed in managing CLC's highest risks including those associated with individual projects, program implementation, and activities.
- c. Review the process of developing and implementing CLC's fraud control arrangements and satisfy itself that CLC has appropriate processes and systems in place to detect, capture and effectively respond to fraud risks.
- d. Review reports on fraud from management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in CLC.
- e. At least annually review the risk management plan's assurance map that identifies the entity's key assurance arrangements.

System of internal control

Internal control framework

- a. Review management's approach to maintaining an effective internal control framework; this framework should include controls in relation to functions performed by external parties such as contractors and advisers.
- b. Review whether management has in place relevant policies and procedures, including AA Instructions or their equivalent, and that these are periodically reviewed and updated.
- c. Satisfy itself that appropriate processes are in place to assess whether key policies and procedures are complied with.
- d. Satisfy itself that management periodically assesses the adequacy of CLC's information security arrangements, including complying with entity reporting obligations.

Legislative and policy compliance

- a. Review the effectiveness of systems for monitoring CLC's compliance with laws, regulations and associated government policies with which CLC must comply.
- b. Review whether management has appropriately considered legal and compliance risks as part of the entity's enterprise risk management plan.
- c. Provide advice to the AA regarding the issue of [the CLC's] annual Compliance Report.

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Internal audit coverage

- a. Review the proposed internal audit coverage, ensure the coverage takes into account CLC's key risks, and approve the Internal Audit Work Plan.
- b. Review all audit reports and provide advice to the AA on significant issues identified in audit reports and recommend action on significant issues raised, including identification and dissemination of good practice.
- c. Obtain an annual report from the Senior Performance & Risk Officer, or other outsourced assurance service providers, on the overall state of CLC's internal controls.

Business continuity management

- a. Satisfy itself that a sound approach has been followed in establishing CLC's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

Delegations

- a. Review whether appropriate policies and associated procedures are in place for the management and exercise of delegations and authorisations.

Ethical and lawful conduct

- a. Assess whether management 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.

In addition to the five mandatory functions (financial reporting, performance reporting, system of risk oversight as well as system of internal control), the AA has decided that the CLC's AC should undertake some or all of the following responsibilities.

Other functions

Administration of the internal audit function

- a. Advise the AA on the adequacy of internal audit resources, or budget, to carry out its responsibilities, including completion of the approved Internal Audit Work Plan.
- b. Review the work program of internal audit and other assurance or review functions.
- c. Review management's implementation of internal audit recommendations.
- d. Periodically review the Performance and Risk Charter to ensure appropriate authority, access and reporting arrangements are in place.
- e. Obtain a report annually from the Senior Performance & Risk Officer on the overall state of CLC's internal controls.
- f. Periodically review the performance of internal audit, and report the results to the AA.
- g. In consultation with CLC management, approve the appointment of the Senior Performance & Risk Officer.
- h. Periodically meet privately with the Senior Performance & Risk Officer.

Other

- a. Undertake other activities related to its responsibilities as may be requested by the AA.
- b. Act as a forum for communication between CLC management and the ANAO.

Engagement with the ANAO

The AC will engage with the ANAO (or an auditor engaged by the ANAO to act on its behalf), as the entity's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular, the AC will:

- a. provide input on planned ANAO financial statement and performance audit coverage,
- b. monitor management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations,
- c. provide advice to the AA on action to be taken on significant issues raised in relevant ANAO reports or better practice guides,
- d. Periodically meet privately with the ANAO.

Reporting

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

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

The AC will at least once annually report to the AA providing advice as to whether all functions/responsibilities outlined in this charter have been carried out, and in compliance with any other reporting requirements specified by the AA from time to time.

Administrative arrangements

Meetings

The AC will meet at least three times per year. One or more special meetings may be held to review CLC's annual financial statements and performance statement, or to meet other responsibilities of the AC.

All AC members are expected to attend each meeting, in person or via tele-or-video conference.

The AC Chair is required to call a meeting if asked to do so by the AA, and decide if a meeting is required if requested by another member, Senior Performance & Risk Officer or the ANAO.

Planning

The AC will develop a forward meeting schedule 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.

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Quorum

A quorum will consist of a majority of the members of the AC members.

Secretariat

Secretariat will be provided by the Senior Performance & Risk Officer. The secretariat will:

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

Conflicts of interest

Once each year, members of the AC will provide written declarations, through the Chair, to the AA declaring any material personal interests they may have in relation to their responsibilities. Consideration of conflict of interest should cascade past employment, consultancy arrangements and related party issues in making these declarations and the AA, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each AC meeting, members are required to declare any material personal interests 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 AC's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if any member should excuse themselves from the meeting or from the AC's consideration of the relevant agenda item(s). Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Induction

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

Term of appointment

The term of appointment shall initially be for three years. An appointment may be extended on each occasion for a further 2 years.

Assessment arrangements

The Chair of the AC, will initiate a self-assessment of the performance of the AC annually.

Review of charter

The AC will review this charter annually. Any substantive changes to the charter will be recommended by the AC and formally approved by the AA.

Approved:

Accountable Authority: **Joe Martin-Jard**

Date: 30 June 2020