

# Audit and Risk Committee Charter

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**Authorising officer**  
Chair of the ACMA  
Australian Communications and Media Authority

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**Contact officer**  
Audit and Risk Committee Secretariat

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# 1 Audit and Risk Committee

## 1.1 Introduction

The Chair of the Australian Communications and Media Authority (ACMA) has established an Audit and Risk Committee (the Committee) in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the PGPA Rule - Audit Committee for Commonwealth entities.

## 1.2 Role

### The Committee

The Committee's role is to provide independent advice and assurance to the Chair of the ACMA on the appropriateness of the ACMA's financial reporting, performance reporting, system of risk oversight and management, and system of internal control.

The Committee is supported in discharging its responsibilities by the ACMA's internal audit function.

### Members of the Committee

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

- act in the best interests of the ACMA as a whole;
- apply good analytical skills, objectivity and sound judgment;
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry;
- provide advice that takes into account the ACMA's operational context, strategic direction and key risks; and
- contribute the time required to meet their responsibilities.

Committee members must not use, or disclose, information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the Chair of the ACMA.

### ACMA Management

The Committee will engage with the ACMA's executive in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the Chair of the ACMA. The ACMA's executive is responsible for the management of the ACMA's financial and performance reporting, risk oversight and management, and system of internal control functions.

### Internal Audit

The Committee will be assisted by the ACMA's internal audit function. The internal audit function is responsible for delivering an internal audit program in line with the Committee's guidance and subject to approval by the Chair of the ACMA.

### External Audit

Refer to [Section 4 – Engagement with the ANAO](#).

## 1.3 Governance

The Chair of the ACMA authorises the Committee, in accordance with its role and responsibilities, to:

- obtain any information it needs 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 the Chair of the ACMA, at committee meetings; and
- obtain external legal or other professional advice, as considered necessary to fulfil its role, at the ACMA's expense, subject to approval by the Chair of the ACMA or delegate.

## 1.4 Membership

The Committee comprises a minimum of three members who are appointed by the Chair of the ACMA. In accordance with the PGPA Rule - section 17, a majority of members of the Committee must be independent members.

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

Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of the ACMA. At least one member of the Committee will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.

Committee members will be appointed for an initial period determined by the Chair of the ACMA. The Chair of the Committee will be appointed for a minimum of at least three years, with an option to extend. Members will normally be appointed for a specified period not exceeding two years after which they will be eligible for extension or re-appointment, following a formal review of their performance and the complementary skills and experience of the other members.

Members may be re-appointed after a formal review of their performance, for further periods as specified by the Chair of the ACMA.

The Chair of the ACMA, Chief Executive Officer, Chief Finance Officer and the Internal Audit Service Provider cannot be appointed as members of the Committee but may attend meetings as observers.

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

## 2 Functions

The Committee is directly responsible and accountable to the Chair of the ACMA for the performance of functions and activities identified in this Charter. These may be revised, at any time, by the Chair of the ACMA.

### 2.1 Operating context

For the Committee to adequately fulfil its responsibilities it must maintain an awareness of the ACMA's operating context. As Australia's communications and media landscape undergoes significant change, the ACMA is responding to this change in ways to both enable innovation and protect citizens. The ACMA's Corporate Plan 2019-20 articulates the following changes expected within the next four years:

- The demand for data-driven technologies will reshape the communications and media sector. These technologies include 5G, software-defined networks, artificial intelligence (AI) and machine learning. Australians will be increasingly and continuously connected through Internet of Things (IoT) devices.
- Consumers are continuing to demand faster and more robust internet connections and are using products and services which are technically more complex. The ACMA is investing in data gathering and analysis to build a strong understanding of the effect these issues have on consumers.
- The ACMA is contributing to shaping reform opportunities and regulatory responses to the impact of digital platforms.
- Collaboration between regulators is becoming increasingly important to achieve public policy objectives and good regulatory outcomes.
- There is a demand for new spectrum and changes to existing arrangements to support 5G services, the ongoing commercialisation of applications to support the IoT, advances in broadcasting and satellite technologies, and new approaches to spectrum sharing.
- The Roadmap for Reform and the Independent Review of the Australian Public Service (APS) identify a number of challenges relevant to the ACMA's environment.

### 2.2 Financial Reporting

In providing advice on the appropriateness of the ACMA's systems and processes for financial reporting, the Committee is to:

- review the ACMA's financial statements for compliance with accounting standards and the PGPA Act and PGPA Rule, having regard to any supporting guidance;
- review the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies;
- review areas of significant judgement and financial statement balances that require estimation;
- review significant and unusual transactions;
- review sign-off by ACMA management in relation to the quality of the financial statements, internal controls and compliance;
- review the auditor's advice concerning the adequacy of the ACMA's accounting policies and the quality of the ACMA processes for the preparation of the ACMA's financial statements, through discussions with the ANAO;
- review whether appropriate management action has been taken in response to any significant issues raised by the ANAO;
- act as a forum for communication between the ACMA management and the ANAO; and
- review the processes and supporting systems in place designed to ensure that financial information included in the ACMA's annual report is consistent with the signed financial statements.



## 2.3 Performance Reporting

In providing advice on the appropriateness of the ACMA's performance reporting, the Committee is to review the ACMA's systems and procedures for developing, measuring and reporting the achievement of the ACMA's performance.

In particular, the Committee will:

- review whether the ACMA's Corporate Plan includes details of how the ACMA's performance will be measured and assessed;
- review whether the ACMA's approach to measuring its performance throughout the financial year against the performance measures included in its Corporate Plan is sound, and has taken into account guidance issued by the Department of Finance;
- review whether the ACMA has sound processes in place for the preparation of its Annual Performance Statement and its inclusion in the ACMA's annual report; and
- review whether ACMA has in place processes to provide assurance that the proposed Annual Performance Statement is consistent with the ACMA's financial information, including its financial statements that it proposes to include in its annual report.

## 2.4 System of risk oversight and management

In providing advice on the appropriateness of the ACMA's system of risk oversight and management, the Committee is to:

- review whether management has in place a current and sound enterprise risk management framework and associated internal controls for effective identification and management of the ACMA's business and financial risks;
- review whether management has followed a sound approach in managing the ACMA's highest risks, through engagement with senior executives and the internal audit program;
- review the impact of the ACMA's risk management framework on the ACMA's control environment;
- review the process of developing and implementing the ACMA's fraud control arrangements and satisfy itself that the ACMA has appropriate processes and systems in place to respond to fraud risks;
- review reports on fraud from management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any significant changes to identified fraud risk in the ACMA; and
- review whether the ACMA has appropriate systems and procedures in place to identify the ACMA's key assurance arrangements and review these annually.

## 2.5 System of internal control

### Internal Control Framework

In providing advice on the appropriateness of the ACMA's system of internal control, the Committee is to:

- 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;
- review whether management has in place relevant policies and procedures, including Management Instructions or their equivalent, and that these are periodically reviewed and updated;
- review whether appropriate processes are in place to assess whether key policies and procedures are complied with, such as complying with the Protective Security Policy Framework; and
- review whether management periodically assesses the adequacy of the ACMA information security arrangements.

### Legislative and Policy Compliance

In reviewing the ACMA's legislative and policy compliance, the Committee is to:

- review the effectiveness of the system for monitoring ACMA's compliance with relevant laws, regulations and associated government policies with which the ACMA must comply;
- review whether management has appropriately considered legal and compliance risks as part of the ACMA's enterprise risk management plan; and
- provide advice to the Chair of the ACMA regarding the issue of the ACMA's annual Compliance Report.

### **Internal Audit**

In reviewing the ACMA's internal audit activities, the Committee is to:

- review the proposed internal audit coverage, ensuring that it considers the ACMA's key risks, and endorse the Strategic Internal Audit Plan for approval by the Chair of the ACMA;
- review all audit reports and provide advice to the Chair of the ACMA on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice; and
- obtain an annual report from the ACMA's outsourced internal audit service provider, on matters arising from the program over the past 12 months.

### **Business continuity management**

In reviewing the ACMA's business continuity arrangements, the Committee is to:

- review whether a sound approach has been followed in establishing the ACMA's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

### **Delegations**

In reviewing the ACMA's delegations, the Committee is to:

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

### **Ethical and lawful conduct**

In reviewing ethical and lawful conduct within the ACMA, the Committee is to:

- assess whether ACMA 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.

## **2.6 Other functions**

### **Oversight of the internal audit function**

In reviewing the ACMA's internal audit function, the Committee is to:

- periodically review the Internal Audit Guide to ensure appropriate authority, access and reporting arrangements are in place;
- advise the Chair of the ACMA on the adequacy of internal audit resources, or budget, to carry out its responsibilities, including completion of the approved Strategic Internal Audit Plan;
- coordinate, to the extent possible, the work programs of internal audit and other assurance or review functions;
- monitor management's implementation of internal audit recommendations;
- periodically review the performance of internal audit, and report the results to Chair of the ACMA;
- provide a recommendation to the Chair of the ACMA on the appointment of the Internal Audit Service Provider; and
- periodically meet privately with the Internal Audit Service Provider.

### **Governance arrangements**

In reviewing the ACMA's governance arrangements, the Committee is to:

- periodically review the ACMA's governance arrangements or elements of the arrangements as determined by the Chair of the ACMA and suggest improvements, where appropriate, to the Chair of the ACMA.

### **Parliamentary committee reports and external reviews**

In reviewing the activities of the ACMA in relation to parliamentary committee reports and external reviews, the Committee is to:

- review whether the agency has appropriate mechanisms in place to review and implement, where appropriate, relevant parliamentary committee reports and external reviews and evaluations of the ACMA, and recommendations arising from these reports and reviews.

### **Administration**

Refer to [Section 5 – Administrative Arrangements](#)



## 3 Reporting

The Committee is required to provide documented advice, at least annually, to the Chair of the ACMA to confirm that all functions outlined in this Charter have been satisfactorily addressed. The Committee may, at any time, report to the Chair of the ACMA on any other matter it deems of sufficient importance to do so. In addition, at any time an individual member may request a meeting with the Chair of the ACMA.

### 3.1 Written statements

The Committee is to provide, annually, advice to the Chair of the ACMA in the form of written statements on the following:

- the appropriateness of the ACMA's financial reporting and a recommendation in relation to the signing of the financial statements for the financial year, including that the financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
- the appropriateness of the ACMA's annual performance statements, and performance reporting as a whole, including adherence to the PGPA Act and Rule prior to the signing of the performance statements;
- the appropriateness of the ACMA's system of risk oversight and management; and
- the appropriateness of the ACMA's system of internal control.

### 3.2 Annual Report and self-assessment

The Committee will, once a year, provide a written Annual Report to the Chair of the ACMA on its operation and activities during the year and confirm to the Chair of the ACMA that all functions outlined in this Charter have been satisfactorily addressed.

The Annual Report will include the results of a self-assessment of the Committee's performance (see [5.7 Assessment of performance](#)).

### 3.3 Strategic Internal Audit Plan

The Committee will work together with the ACMA's executive and the appointed internal auditors to formulate a three-year Strategic Internal Audit Plan (SIAP). The Chair of the ACMA will be consulted during this process and will approve the final SIAP.

Once a year the Committee will provide, with the appointed internal auditors, an annual SIAP to the Chair of the ACMA. The annual SIAP will be based on the three-year SIAP and will detail the audits to take place during the following financial year, including the general scope of each audit and indicative timing. The annual SIAP will be approved by the Chair of the ACMA.

## 4 Engagement with the ANAO

### 4.1 ANAO

In undertaking its role and consistent with 1.3, the Committee will engage with the ANAO, as the ACMA's external auditor, in relation to the ANAO's financial statement and performance audit coverage.

In particular, the Committee will:

- provide input on planned ANAO financial statement and performance audit coverage;
- review management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations;
- provide advice to the Chair of the ACMA on action to be taken on significant issues raised in relevant ANAO reports and audit insights; and
- meet privately with the ANAO at least once per year.

The Committee will monitor the audit and assurance activities of the ANAO to identify areas, issues or trends which may be relevant to the functions and operations of the ACMA.

## 5 Administrative Arrangements

### 5.1 Meetings

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

The Chair of the Committee is required to call a meeting if asked to do so by the Chair of the ACMA and decide if a meeting is required if requested by another member, the internal audit service providers or the ANAO.

### 5.2 Planning

The Committee will develop a forward meeting schedule and annual work plan 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.

### 5.3 Attendance at meetings and quorum

A quorum will consist of a majority of committee members.

- If there is more than one external member on the Committee, a quorum will include at least one external member; and
- If there is more than one internal member on the Committee, a quorum will include at least one internal member.

The quorum must be in place at all times during the meeting.

### 5.4 Secretariat

The Chair of the ACMA, in consultation with the Committee, will appoint resourcing to provide secretariat support to the Committee.

The secretariat will ensure:

- the agenda for each meeting is approved by the Chair of the Committee;
- the agenda and supporting papers are circulated at least one week prior to the scheduled meeting; and
- the minutes of the meeting are prepared and maintained.

Minutes must be reviewed by the Chair of the Committee and circulated, within ten working days of the meeting, to members and observers as appropriate.

### 5.5 Conflicts of Interest

Once each year, members of the Committee will provide written declarations, through the Chair of the Committee, to the Chair of the ACMA declaring any actual or perceived conflicts of interests they may have in relation to their responsibilities. For the avoidance of doubt, any such declaration by a member must include a declaration of any material personal interest which a member 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 of the ACMA, in consultation with the Chair of the Committee, should be satisfied that there are sufficient processes in place to manage any actual or perceived conflict.

At the beginning of each committee meeting, members are required to declare any actual or perceived conflict of interests that may apply to specific matters on the meeting agenda. Where required by the Chair of the Committee, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair of the Committee is also responsible for deciding, in consultation with the Chair of the ACMA where appropriate, if he/she should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of any actual or perceived conflicts of interests declared by the Chair of the Committee and other members, and actions taken, will be appropriately recorded in the minutes.

The Chair of the Committee must provide approval for the internal audit provider to conduct audits or other work relevant to the Committee's functions outside of the Strategic Internal Audit Plan.

## **5.6 Induction**

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

## **5.7 Assessment of performance**

The Chair of the Committee, in consultation with the Chair of the ACMA, will undertake a review of the performance of the Committee every year. The review will be conducted on a self-assessment basis with appropriate input sought from the Chair of the ACMA, Committee members, senior management, the internal audit service providers, the ANAO and any other relevant stakeholders, as determined by the Chair of the ACMA.

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

## **5.8 Review of Charter**

At least once a year the Committee will review this Charter. This review will include consultation with the Chair of the ACMA. Any substantive changes to the Charter will be recommended by the Committee and formally approved by the Chair of the ACMA.