



Australian National Maritime Museum Council
Audit, Finance and Risk Charter

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1. Name of committee

Audit, Finance and Risk Committee of the Australian National Maritime Museum Council (the Committee).

2. Establishment

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

3. Functions

The Committee is a sub-committee of the Australian National Maritime Museum Council, established to assist the Council to discharge its responsibilities under the *Public Governance, Performance and Accountability Act 2013* in respect of financial reporting, performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies.

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

The Committee's functions are to:

- Review the appropriateness of Australian National Maritime Museum's:
 - Financial reporting
 - Performance reporting
 - System of risk oversight and management, and
 - The system of internal control
- Provide advice independent of Museum management
- Help the Museum and Council members comply with the obligations under the PGPA Act and associated framework
- Provide a forum for communication between Council members, Museum Executive Managers, and the internal and external auditors of the Museum.
- Examine and recommend the Museum's annual financial statements for Council's endorsement.

4. 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
- obtain legal or other professional advice, as considered necessary to meet its responsibilities, at the Museum's expense to a pre-approved limit of \$2,000 per occurrence.

5. Composition and tenure

Committee members

The Committee must comprise a minimum of 3 persons appointed by Council ('members'), none of whom are employees of the Museum.

Members must have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions. Members should be financially literate and at least one member of the Committee should have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of accounting and auditing standards.

The following persons must not be a member of the Committee:

- Chair of Council
- Director of the Museum
- Chief Finance Officer of the Museum.

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.

The Council may appoint an external member to the Committee, to ensure the Committee has the appropriate expertise. Any person engaged primarily for the purpose of being a member of the audit committee is not considered to be an official or employee of the Museum (as outlined in the PGPA Rule 2014).

Chair and Deputy Chair

The Council will appoint a Chair of the Committee. The Committee may appoint a Deputy Chair who will act as the Chair in the absence of the Chair.

Observers

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.

Representatives 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.

Terms and Reappointment

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.

Where a Committee member is also a member of the Council their membership of the Committee ceases when they cease to be a member of the Council.

A Committee member may resign by writing to the Chair of the Committee who will refer the resignation to the Council for formal consideration and acceptance as appropriate.

The Council may terminate the appointment of a member of the Committee for:

- a) misbehaviour or physical or mental incapacity
- b) bankruptcy
- c) Unauthorised absence for three consecutive meetings
- d) Failure to adequately perform their duties as a member.

6. Responsibilities

6.1 Financial Reporting

The Committee will review and provide advice on the appropriateness of:

- a) annual financial statements
- b) information (other than the annual financial statements) requested by Department of Finance in preparing the Australian Government consolidated financial statements, including the supplementary reporting package;
- c) processes and systems for preparing financial reporting information;
- d) financial record keeping;
- e) processes in place to allow the Museum to stay informed of any changes or additional requirements in relation to the financial reporting;
- f) areas of significant judgement and financial statement balances that require estimation;
- g) significant or unusual transactions;
- h) the auditor's judgments about the adequacy and quality of the Museum's accounting policies and processes for the preparation of the financial statements, through discussions with the ANAO; and,
 - i. whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures.
 - ii. processes to ensure that financial information included in the Museum's annual report are consistent with the signed financial statements.

The Committee will provide a statement to the Council which includes:

- a) whether the annual financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
- b) whether additional information (other than financial statements) required by Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
- c) in respect of the appropriateness of the Museum's financial reporting which includes reference to any specific areas of concern or suggestions for improvement.

6.2 Performance reporting

The Committee will review and provide advice on the appropriateness of systems and procedures for assessing and reporting the achievement of the Museum's performance. In particular, the Committee will satisfy itself that:

- a) the Portfolio Budget Statements and Corporate Plan include details of how their performance will be measured and assessed;
- b) the approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is sound, and has taken into account guidance issued by the Department of Finance; and
- c) there are sound processes in place for the preparation of its annual Performance Statement and the inclusion of the Statement in its annual report.

The Committee will review the annual performance statements and provide advice to the Council on their appropriateness to the Museum.

6.3 System of risk oversight and management

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

- a) enterprise risk management policy and framework and the necessary internal controls for the effective identification and management of risks;
- b) approach to managing the Museum's key risks—including those associated with individual projects and program implementation and activities;
- c) processes for developing and implementing the Museum's fraud control arrangements are consistent with the Commonwealth Fraud Control Framework, and satisfy itself that the Museum has adequate processes for detecting, capturing and effectively responding to fraud risks; and,
- d) articulation of the key roles and responsibilities relating to risk management and adherence to them by Museum officials.

6.4 Systems of Internal Control

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

Internal control framework

- a) 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.
- b) reviewing whether management has in operation relevant policies and procedures and that these are periodically reviewed and updated.

Legislative and policy compliance

- a) reviewing the effectiveness of systems for monitoring the Museum's compliance with laws, regulations and associated government policies with which the Museum must comply.
- b) determining whether management has adequately considered legal and compliance risks as part of the Museum's enterprise risk management framework, fraud control framework and planning.

Internal audit coverage

- a) reviewing the proposed internal audit coverage, ensuring that the coverage takes into account the Museum's primary risks, and recommending approval of the internal audit work plan by the Council or the nominated delegate.
- b) reviewing all internal audit reports, providing advice to Council on major concerns identified in those reports, and recommending action on significant matters raised.

6.5 Internal Audit

- a) Act as a forum for communication between the Council, senior management and internal audit;
- b) 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;
- c) Review progress against the approved internal audit work plan and recommend any significant changes to Council;
- d) Coordinate, as far as practicable, audit programs conducted by internal audit and other review functions;
- e) 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;
- f) Monitor management's implementation of internal audit recommendations;
- g) Review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;
- h) Periodically review the performance of internal audit;
- i) Recommend to the Director the appointment of the internal auditor where outsourced or co-sourced.

6.6 External audit

The Committee will engage with the ANAO, as the Museum's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular, the Committee will:

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

6.7 Other responsibilities

The Committee will in relation to the following functions:

- a) **Business continuity:** satisfy itself that an appropriate approach has been taken in establishing business continuity planning arrangements, through business continuity and disaster recovery plans that have been periodically updated and tested.
- b) **Ethical and lawful conduct:** assess whether the accountable authority 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

- c) **Parliamentary committee reports, external reviews and evaluations:** satisfy itself that the entity has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the entity and implementing, where appropriate, any resultant recommendations.
- d) **Work, Health and Safety:** ensure a best practice and continuous improvement approach is adopted by the museum. Monitor compliance with work health and safety legislation, standards, codes of practice, policies and procedures.

7. Responsibilities of Committee members

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

- act in the interests of the Museum;
- take a professional approach to their responsibilities, including an appropriate commitment of time and effort;
- 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.

8. 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.

9. 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 Museum will provide secretariate services 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;
- the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and provided to each member and Committee observers, not later than the next meeting at which they will be adopted.

10. 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.

11. Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities. The Committee will adopt and maintain a program of training and awareness-raising for its members with the objective of enabling the Committee to keep abreast of contemporary developments and leading practices in relation to its functions.

12. 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.

13. Review of charter

In consultation with the Council, the Committee will review this Charter at least once every two years. Any substantive changes to the charter will be recommended by the Committee and formally approved by the Council.