1. Purpose

The Finance Audit and Risk Committee Charter (the Charter) sets out the Committee's role, authority, membership and tenure, functions, engagement, reporting and administrative arrangements for the Anindilyakwa Land Council (ALC) Finance Audit and Risk Committee (the Committee).

2. Scope

The scope of this charter is limited to the Finance Audit and Risk Committee of the ALC.

3. Context

As a Corporate Commonwealth Entity, the ALC has established the Committee in compliance with section 45 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and section 17 of the Public Governance and Accountability Rule 2014 (PGPA Rule). The Australian National Audit Office (ANAO) is the external auditor, and an external service provider will be used for internal audit services.

4. Charter

4.1. Authority

The ALC Board authorises the Committee, within the scope of its role and responsibilities, to:

- obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
- discuss any matters with the ALC's external and internal auditors, or other external parties (subject to confidentiality considerations)
- request the attendance of any ALC employee or Board member at Committee meetings; and
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities at the ALC's expense.

4.2. Composition and Tenure

The Committee shall consist of:

- a Chair, appointed by the ALC Board, independent of the ALC who has a strong background in accounting and auditing and risk management.

- Three other members sourced from the ALC Board and other persons from the community such that:
  - two members of the Committee are to be persons who have the experience, knowledge and skills to assist the Committee perform its functions. This recognises the role of non-financial performance reporting in the duties of the committee
  - All members of the Committee must be persons who are not employees of the ALC unless they are employed expressly for the purpose of being a member of the Committee.
- The Chief Executive Officer, Chief Financial Officer and members of the Accountable Authority must not be members of the Committee.
- The term of appointment to the Committee shall be for ALC Board members, the equivalent to the term as the person is appointed to the ALC and for other members three years.
- The independent Chair shall be appointed for terms of three years.

The PGPA Act does not mandate minimum or maximum periods of appointment for Committee members. Stability, knowledge, and experience are important to the composition of the Committee.

4.3. Roles and Responsibilities

The Committee has no executive powers, supervisory function or decision-making authority in relation to the operations of the ALC. It functions in an oversight and review role. The Committee can exercise such functions, responsibilities and authorities as may be assigned or delegated to it by the ALC Board from time to time, but only such executive powers as are explicitly delegated to it.

The Committee reviews information provided to it by internal audit and the entity's management. In order to understand and review the entity's processes and systems the committee also actively pursues information from relevant areas of the entity.

The Committee's responsibilities, subject to revision by the ALC Board, are to monitor, review and where appropriate make recommendations to the Board with respect to:

- financial reporting
- performance reporting
- system of risk oversight and management
- compliance management
- system of internal control.

4.3.a Financial Reporting

The Committee will review and advise the ALC Board as to whether the ALC's:

- annual audited financial statements and related management representations comply with the PGPA Act, PGPA Rules, Accounting Standards and supporting guidelines and endorse signing of the statements; and

- financial information systems and the appropriateness of the entity's financial reporting—including compliance with the mandatory requirements of the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance.
- the processes in place to allow the entity to stay informed throughout the year of any changes or additional requirements in relation to financial reporting.
- representations comply with the PGPA Act, the PGPA Rules, Accounting Standards and supporting guidelines and endorse signing of the statements; and financial reporting is, as a whole, appropriate, with reference to any specific areas of concern or suggestions for improvement.

The Committee will provide a statement to the Accountable Authority advising:

- whether the annual financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance.
- whether additional entity 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.
- in respect of the appropriateness of the entity's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

4.3.b Performance reporting

The Committee will review and advise the ALC board on the appropriateness of the ALC's performance framework including:

- ALC's performance information, systems and framework and the completeness and appropriateness of performance reporting.
- information provided in the Corporate Plan, the Portfolio Budget Statements, and the Annual Performance Statements.
- the development and annual rolling update of the ALC's Corporate Plan and key performance indicators
- systems and procedures for assessing, monitoring, and reporting on performance, including the preparation of the ALCs annual performance statement for inclusion in the annual report; and
- the approach to measuring performance throughout the financial year against the performance measures included in the Corporate Plans. This may include reviewing, over time, particular elements of the performance measures.

Additionally, the Committee will:

- review the annual performance statements and provide advice to the Accountable Authority on their appropriateness to the entity.
- provide a statement to the Accountable Authority whether, in their view, the Accountable Authority's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

4.3.c System of Risk Oversight and Management

The Committee will review and advise the ALC Board on the appropriateness of the ALC's system of risk oversight and management. This will include:

- reviewing whether management has a current and appropriate enterprise risk management framework and the necessary internal controls for the effective identification and management of the entity's risks
- satisfying itself that an appropriate approach has been followed in managing the entity's key risks—including those associated with individual projects and program implementation and activities
- reviewing the process of developing and implementing the entity's fraud control arrangements consistent with the PGPA Rule requirements (section 10) and satisfying itself that the entity has adequate processes for detecting, capturing, and effectively responding to fraud risks
- reviewing whether management has adequately developed risk management capability in the entity and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to in the entity.
- a statement in relation to the appropriateness of the entity's systems for risk oversight and risk management as a whole, with reference to the entity's risk management framework and any specific areas of concern or suggestions for improvement.

4.3.d System of Internal Control

The Committee will review and advise the ALC Board on the appropriateness of the ALC's internal control framework. Broadley this involves 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. More specifically it is to:

- review whether management has in operation relevant policies and procedures— (e.g., Accountable Authority instructions, delegations/authorisations, a business continuity management plan or bullying and harassment policies).
- review the effectiveness of systems for monitoring the entity's compliance with laws, regulations, and associated government policies with which the entity must comply.
- determining whether management has adequately considered legal and compliance risks as part of the entity's enterprise risk management framework, fraud control framework and planning.
- reviewing management's approach to maintaining an effective internal security system and ICT security policy
- reviewing the proposed internal audit coverage, ensuring that the coverage takes into account the entity's primary risks, and recommending approval of the internal audit work plan by the board.
- reviewing all internal audit reports, providing advice to the board on major concerns identified in those reports, and recommending action on significant matters raised— including identification and dissemination of information on good practice.
- reviewing external reports (Auditor-General, JCPAA and other parliamentary committees, Royal Commissions etc.), and the relevance of recommendations to the entity. Many of the external audit recommendations can have wider implications and promote better practice, and

- reviewing the implementation of agreed recommendations from ANAO audits and other parliamentary committee reports directed to the entity.

The Committee will provide a statement to the Accountable Authority whether the Accountable Authority's system of internal control is appropriate for the entity, with reference to any specific areas of concern or suggestions for improvement.

The frequency of review, and areas of the system of internal control to be reviewed, will be guided by the board's requirements, appetite for risk and the entity's operating context.

4.3.e Other functions

- Business continuity:
  - the Committee should satisfy itself that an appropriate approach has been taken in establishing business continuity planning arrangements—including whether business continuity and disaster recovery plans have been periodically updated and tested.
- Ethical and lawful conduct:
  - the Committee should 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.
- Parliamentary committee reports, external reviews and evaluations:
  - the Committee should 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.
- Compliance with the entity's specific legislative requirements

4.4. Responsibilities of Members

Members of the Committee are expected to understand and observe the legal requirements of the Public Governance, Performance and Accountability Act 2013.

Members are also expected to:

- act in the interests of the ALC.
- contribute the time needed to study and understand the papers provided; and
- apply good analytical skills, objectivity, and good judgment.

4.5. Reporting

The Committee will meet quarterly and report to the ALC board on its operation and activities after the completion of the ALC Annual ANAO audit. The report should include:

- summary of the work it performed to fully discharge its responsibilities during the preceding year

- a summary of the ALC's progress in addressing the findings and recommendations made in internal and external reports.
- an overall assessment of the ALC's risk, control, and compliance framework, including details of any significant emerging risks or legislative changes impacting the ALC.
- details of meetings, including the number of meetings held during the year.

The Committee may, at any time, report to the ALC board 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 ALC.

The Committee will review the processes for the allocation of sec 64(3) funds to the ORIC Corporations and the documentation and timing as required by ALRA.

The Committee will review the processes and results of the ALC's assessment of information provided from ORIC Corporations who receive funding under sec 64(3) of ALRA and report to the ALC under sec 35.

4.6. Administrative Arrangements

4.6.a Meetings and Planning

The Committee will meet four times per year. These meeting will be planned to coincide with the external audit plan or strategy document, finalisation of the financial statements, finalisation of the performance reporting and other such times as called by the Chair of the Committee.

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

A forward meeting plan, including meeting dates, location and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all its responsibilities, as detailed in this Charter.

The Chair is invited to attend at least one ALC board meeting per year and selected management meetings as an observer.

The Chair will be regularly updated with the ALC audit and risk management activities and emerging issues by the CEO and CFO.

4.6.b Attendance at Meetings and Quorums

Rules for ALC Audit Committee meetings are:

- a quorum will consist of 50% of Committee members who hold office at the time of the meeting.
- meetings can be held in person, by virtual means.
- the ALC senior risk officer will present a report at each meeting.
- internal audit reports completed since the last meeting will be presented at each meeting.
- members of the ALC Board and representatives of the ANAO may, subject to the Committee requesting otherwise, attend a meeting and contribute to its deliberations.

- the Chair of the Committee may request any other ALC employee and/or external party to attend Committee meetings or participate in certain agenda items.
- External Audit and Internal Audit are to be afforded the opportunity of meeting privately with Committee members only as required.

The Chair of the ALC board, CEO and CFO may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

4.6.c Annual Work Plan

The Committee will prepare an annual Work Plan that outlines the activities to be undertaken to achieve the Committee's functions. The Work Plan will include proposed agenda items, agreed months for meetings, and will be reviewed as part of the review of this Charter.

4.6.d Secretariat

The ALC will provide secretariat support to the Committee and ensure the agenda for each meeting and supporting papers are circulated prior to the meeting and ensure the minutes of the meetings are prepared and maintained. Minutes shall be approved by the Committee and circulated to each member, as appropriate.

4.6.e Conflicts of Interest

Each year Committee members shall provide written declarations to the ALC Board declaring any material personal interests that would preclude them from being members of the Committee. The ALC Board will need to be satisfied that there are sufficient processes in place to manage any real or perceived conflict of interest.

Committee members shall declare any material personal interests at the start of each meeting or before discussion of the relevant agenda item or topic. Details of material personal interests declared by Committee members, and actions taken, shall be appropriately recorded in the minutes.

4.6.f Assessment and Review

The Chair of the Committee shall initiate annually a review of the performance of the Committee, and this Charter, with appropriate input sought from the ALC Board, the Chair of the ALC, CEO and CFO. The review of performance shall be conducted on a self-assessment using a checklist based on guidance issued by the Department of Finance unless otherwise determined by the ALC Board.