



Parliamentary Workplace Support Service

Audit and Risk Committee (ARC)

Charter

1. Purpose

The Chief Executive Officer (CEO) of the Parliamentary Workplace Support Service (PWSS) has established an Audit and Risk Committee (ARC) in accordance with section 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

This Charter sets out the ARC's functions, conduct, authority, composition, roles, and responsibilities, reporting and administrative arrangements to independently review and advise on key aspects of service operations.

2. Role and responsibilities

The role of the PWSS ARC is to provide independent advice on the appropriateness of the PWSS' financial and performance reporting, system of risk oversight, systems of internal control and other matters as detailed in this Charter. The ARC is supported in discharging its responsibilities by the PWSS internal audit function.

The ARC is directly accountable to the CEO for the performance of its functions. The ARC has no managerial responsibilities and does not make decisions in relation to the PWSS processes and functions.

3. Authority

The CEO authorises the ARC, in accordance with its roles and with 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 external auditor, or other external parties (subject to confidentiality considerations);
- c) request attendance of any PWSS official at ARC meetings; and
- d) obtain legal or other professional advice, as considered necessary to meet its obligations, at PWSS expense, subject to the approval by the CEO or delegate

4. Membership

The ARC comprises of at least three members appointed by the CEO. All members must not be officials of the PWSS, and a majority of members must be persons who are not officials of any Commonwealth entity. Other requirements regarding ARC membership include:

- a) the CEO will appoint the Chair and members of the ARC;
- b) the ARC Chair is authorised to appoint a Deputy Chair of the ARC to act as Chair in their absence;
- c) the members, taken collectively, will have a broad range of skills and experience relevant to the operations of the PWSS;
- d) ARC members must complete a conflict of interest declaration that is regularly reviewed and updated if, and as needed;
- e) at least one member of the ARC will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment;
- f) ARC members will be appointed for an initial period determined by the Accountable Authority (CEO) of the agency. Members may be re-appointed for further periods, having regard to the length of their original appointment, after a formal review of their performance by the accountable authority of the

service. The Chair may be requested to provide advice to the accountable authority of the service on a member's performance where an extension of the member's appointment is being considered.

- g) initial ARC membership will be adjusted to align with the financial reporting cycle to be determined by the CEO.

Committee attendance

The following service personnel may be invited to attend meetings (in whole or in part) to assist the ARC in its functions, however will not be members of the ARC:

- a) the CEO, Chief Financial Officer (CFO) and key management personnel of the service; and
- b) representatives from the Australian National Audit Office (ANAO) and the PWSS Internal Audit contracted service provider(s).

5. Membership

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

- a) have a good understanding of PWSS functions, objectives and operational context;
- b) act in the best interests of the PWSS and the Commonwealth;
- c) form an independent and objective judgment regarding the advice related to its functions;
- d) express opinions constructively and openly, raise issues that relate to ARC responsibilities and pursue independent lines of enquiry;
- e) contribute the time required to meet their responsibilities; and
- f) declare any conflicts of interest (see 6).

6. Conflicts of interest

On engagement, as instances arise and at least each year thereafter, members of the ARC will provide written declarations to the ARC Chair for provision to the CEO, declaring any potential, perceived or actual conflicts of interest they may have in relation to their responsibilities.

Members should consider past employment, consultancy arrangements, connections to Commonwealth Parliamentary Workplace Participants and related party issues in making these declarations. The CEO, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any conflicts of interest.

At the beginning of each ARC, 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 ARC's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members of the ARC, and action taken, will be appropriately reflected in the minutes.

7. Key Activities and Deliverables

Consistent with Subsection 17(2) of the PGPA Rule, the role of the ARC is to provide independent advice to the CEO on the appropriateness of the PWSS financial reporting, performance reporting, system of risk oversight and system of internal control.

Financial Reporting [PGPA Rule 17 (2)(a)]

The ARC will review the financial statements and provide independent advice to the CEO on its view of the appropriateness of the PWSS’:

- a) annual financial statements and additional information required to prepare the Australian Government’s consolidated financial statements to comply with the PGPA Act, PGPA Rule, Australian Accounting Standards and supporting guidance;
- b) the processes and supporting systems in place designed to ensure that financial information included in the PWSS annual report is consistent with the signed financial statements;
- c) action in response to any issues raised by an external auditor, including financial statements adjustments and revised disclosures; and
- d) financial reporting, with reference to specific areas of concern or suggestions for improvement, including, whether appropriate, management action that has been taken in response to any significant issues raised by the ANAO.

Performance Reporting [PGPA Rule 17(2)(b)]

The ARC will review the performance information, systems and frameworks and provide independent advice to the CEO on its view of the appropriateness of:

- a) systems and procedures for assessing, monitoring, and reporting the achievement of PWSS performance, including:
 - i. the Portfolio Budget Statement and Corporate Plan containing appropriate details of how the PWSS will measure and assess its performance;
 - ii. the approach to measuring performance covers the whole performance reporting lifecycle and is appropriate and in accordance with the Commonwealth performance framework guidance;
 - iii. appropriate records are maintained to enable the preparation of the Annual Performance Statements and systems and processes are in place for inclusion of the statements in the annual report; and
 - iv. performance measures are appropriate and assist PWSS meet its Portfolio Budget Statement outcome.
- b) Annual Performance Statements and performance reporting, with reference to any specific areas of concern or suggestions for improvement, including whether PWSS has processes in place to provide assurance that the proposed Annual Performance Statements is consistent with PWSS financial information, including its financial statements that it proposes to include in its annual report.

System of Risk Oversight and Management [PGPA Rule 17(2)(c)]

The ARC will review the system of risk oversight and management and provide independent advice to the CEO on the appropriateness of:

- a) PWSS Risk Management Framework and the identification and management of key risks, including emerging risks in accordance with the Commonwealth Risk Management Policy;
- b) risk management capability and whether key roles, responsibilities and authority relating to risk management are clearly articulated and adhered to;
- c) approach for reporting on the management of risks to support the CEO’s role in oversight of risk management;

- d) processes for developing and implementing PWSS Fraud and Corruption Control Framework, including detecting, capturing and responding to fraud risks, are in accordance with the Commonwealth Fraud and Corruption Control Framework;
- e) approach to business continuity and risk management comply with the Commonwealth Risk Management Framework; and
- f) whether PWSS has appropriate systems and procedures in place to identify key risk assurance arrangements and review these annually.

System of Internal Control [PGP Rule 17(2)(d)]

The ARC will review the internal control framework and provide independent advice to the CEO on the appropriateness of:

- a) approach to maintaining an effective internal control framework;
- b) processes for ensuring relevant policies and procedures - such as accountable authority instructions, delegations and other key policies - are reviewed regularly and kept up to date;
- c) approach to implementing controls and systems to ensure compliance with, as well as monitoring compliance performance in relation to, significant and enabling legislation, regulations and Government policies, such as the Work Health and Safety Act 2011, Privacy Act 1988, Freedom of Information Act 1982, Protective Security Policy Framework, the finance law (including the PGPA Act) and Commonwealth Fraud and Corruption Control Framework;
- d) consideration of legislative compliance risks within the internal control framework and planning;
- e) approach taken in establishing business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested;
- f) steps taken to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct;
- g) approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework, ICT security and cyber security policies;
- h) internal audit planning to ensure coverage and alignment with PWSS key risks, reporting on major concerns identified in internal audit reports, recommending action on significant matters raised, and dissemination of information on good practice
- i) processes for monitoring the implementation of internal audit recommendations and external reports and recommendations of relevance to the service; particularly those of Parliamentary Committees and the ANAO; and
- j) systems for internal control, with reference to any specific areas of concern or suggestions for improvement.

Additional responsibilities

The CEO requires the ARC to undertake the following additional functions beyond those prescribed by the PGPA Rule:

- a) Internal Audit
 - i. monitor management's implementation of internal audit recommendations and
 - ii. report the results to the CEO;

- iii. periodically review management's assessment of the performance of the internal auditor;
 - iv. meet privately with the internal auditor at least once per year, if required.
- b) External Audit
- i. monitor management's responses to all external auditor financial statements management letters and performance audit reports, including the implementation of audit recommendations; and
 - ii. meet privately with the external auditor at least once per year, if required.

8. Administrative Arrangements

Meetings

The following outlines the ARC meeting arrangements:

- a) ARC will meet at least four times per year, a special meeting may be held to review the PWSS annual financial statements and performance statements, or to meet other specific responsibilities of ARC;
- b) meetings will be conducted face-to-face and/or by videoconference as necessary;
- c) with the approval of the Chair, ARC can agree items out-of-session by email communication;
- d) a quorum will consist of at least two ARC members; and
- e) the Chair is required to call a meeting if asked to by the CEO and decide if a meeting is required if requested by another member, or independent auditor.

Forward Work Plan

The ARC, with support from the Secretariat, will develop an annual forward workplan, detailing activities to be undertaken to address the functions outlined in this Charter. The forward work plan will be used to determine the agenda for upcoming meetings.

Additional or emerging items will be added to the forward work plan if approved by the Chair.

Secretariat

PWSS will provide secretariat services to the ARC, through the Corporate Section. The Secretariat will ensure:

- a) the Chair approves the agenda for each meeting;
- b) the agenda and supporting papers are circulated at least five business days before each meeting;
- c) the minutes and actions of each meeting are prepared and maintained; and
- d) the minutes must be reviewed by the Chair and circulated in a timely manner to each member prior to being included in the papers for the next meeting.

The Secretariat will maintain records in accordance with the service's obligations under the *Archives Act 1983* and Section 37 of the PGPA.

Induction

New members will be provided appropriate induction materials and briefings.

Reporting

The Chair will report to the CEO within two weeks of each meeting. Any matter deemed of sufficient importance will be reported to the CEO.

The ARC will, as often as necessary, and at least once a year, report to the CEO on its operation and activities against the responsibilities outlined in this Charter. In providing its view to the CEO, the ARC should also note any areas of concern, non-remediation of significant recommendations, and/or suggestions for system or process improvement.

Disclosure and Use of Information

ARC members must not use or disclose information obtained by the ARC except in meeting the ARC responsibilities, or unless expressly agreed by the CEO.

9. ARC Assessment

The Committee will initiate a review of the performance of the ARC with the CEO at least once every two years. The outcomes of this assessment will be reported to the CEO. The review will be conducted on a self-assessment basis with appropriate input sought from ARC members, senior management, the internal auditor, external auditor, and any other relevant stakeholders, as determined by the CEO or their delegate.

10. Review of the Charter

The ARC will review the appropriateness of this Charter annually. Any changes will be provided to the CEO for endorsement.

Version	Created By	Endorsed By	Endorsed Date	Review Date
V1.0	PWSS Corporate	Chief Executive Officer	26/03/2024	20/06/2024
V1.1	PWSS Corporate	Chief Executive officer	TBC	12 months from endorsement date