



Audit and Risk Committee Charter

The Commissioners collectively are the Accountable Authority for TEQSA. The Accountable Authority has established an Audit and Risk Committee in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 *Audit Committees for Commonwealth Entities*.

Role

The Committee's role is to provide independent assurance to the Accountable Authority on TEQSA's financial and performance reporting responsibilities, risk oversight and management, and systems of internal control. The Committee is not responsible for the executive management of these functions, although the Committee may work closely with management in providing this assurance. The Committee will engage with TEQSA's management constructively and professionally in discharging its advisory responsibilities and in formulating its advice to the Accountable Authority.

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

- act in the best interests of TEQSA as a whole
- apply good analytical skills, objectivity, and good judgment
- constructively and openly raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
- 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 Accountable Authority. The Committee will be assisted by TEQSA's internal audit function, which is responsible for delivering an internal audit program in line with the Audit and Risk Committee's guidance and subject to approval by the Accountable Authority on the advice of TEQSA's Chief Executive Officer (CEO).

Consistent with good practice, the Committee will have unobstructed access to TEQSA's internal auditor, including the capacity to request an in-camera discussion with the internal auditor where the Committee considers this appropriate.

Authority

The Accountable Authority authorises the Committee, following its role and responsibilities, to:

- obtain any information it requires from any official or external party (subject to any legal obligation to protect information)
- discuss any matters with the ANAO, or other external parties (subject to confidentiality considerations)
- request the attendance of any official, including the CEO and the Commissioners, at Committee meetings



- obtain legal or other professional advice, as considered necessary to fulfil its role, at TEQSA's expense, subject to approval by the CEO or his/her delegate.

Membership

The Audit and Risk Committee comprises at least three (3) Members appointed by the Accountable Authority. All Members are external to TEQSA.

The Accountable Authority will appoint the Chair of the Committee.

The Committee is authorised to appoint a Deputy Chair who will act as Chair in the Chair's absence.

The Chief Commissioner, CEO, Director, Corporate/Chief Financial Officer (CFO), Internal Auditor or other TEQSA management representatives may attend meetings as Guests or Observers, as determined by the Chair, but will not be Members of the Committee.

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

Committee Members, taken collectively, will have a broad range of skills and experience relevant to the operations of TEQSA. The Accountable Authority will ensure that 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 Accountable Authority. Members may be re-appointed after a formal review of their performance for further periods specified by the Accountable Authority. As of the day that this Charter is updated, the initial and extension periods are three years.

Functions

PGPA Act Rule section 17 states that the functions of an audit Committee must include reviewing the appropriateness of the Accountable Authority's financial reporting, performance reporting, systems of risk oversight and management, and system of internal control. As such, these functions are mandatory.

The following sections outline these mandatory responsibilities and other non-mandatory functions assigned to the Committee by the Accountable Authority.

Financial Reporting

- Review the financial statements and provide advice to the Accountable Authority, including recommending their signing by the Accountable Authority. In particular, the Committee will review:
 - a) TEQSA's compliance with accounting standards, including the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance
 - b) areas of significant judgement and financial statement balances that require estimation
 - c) significant or unusual transactions, not covered by b) above
 - d) sign-off by TEQSA's management of the financial statements, internal controls,



Financial Reporting

and compliance

- e) whether TEQSA's management has taken appropriate action in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures.
- Act as a forum for communication between TEQSA management and the ANAO.
- Review the processes in place designed to ensure that financial information included in TEQSA's annual report is consistent with the signed financial statements.
- Discuss with the ANAO the auditor's judgments about the adequacy of TEQSA's accounting policies and the quality of TEQSA's processes to prepare TEQSA's financial statements.

Performance Reporting

- Review TEQSA's systems and procedures for assessing and reporting the achievement of TEQSA's performance. In particular, the Committee will satisfy itself that:
 - a) TEQSA's Portfolio Budget Statements and Corporate Plan include details of how TEQSA's performance will be measured and determined
 - b) TEQSA's 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
 - c) TEQSA has sound processes in place for the preparation of its annual Performance Statement and the inclusion of the Statement in its annual report
 - d) TEQSA's proposed Performance Statement is not inconsistent with TEQSA's financial information, including the financial statements that it proposes to include in its annual report.

Systems of Risk Oversight and Management

- Review whether TEQSA's management has a current and sound enterprise risk management framework and associated procedures for effective identification and management of TEQSA's business and financial risks, including fraud and anti-corruption.
- Satisfy itself that a sound approach has been followed in managing TEQSA's major risks, including those associated with individual projects, program implementation, and



Systems of Risk Oversight and Management

activities.

- Satisfy itself that TEQSA's management has assessed the impact of TEQSA's enterprise risk management framework on TEQSA's control environment and insurance arrangements.
- Review the process of developing and implementing TEQSA's fraud and anti-corruption control arrangements and satisfy itself that TEQSA has appropriate processes and systems to detect, capture, effectively respond to, reflect on, and report on fraud and corruption risks.
- Review reports on fraud from TEQSA's management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk within the agency.

System of Internal Control

Internal Control Framework

- Review whether TEQSA management's approach to maintaining an effective internal control framework, including in relation to functions performed by external parties such as contractors and advisers, is sound and effective.
- Review whether TEQSA's management has in place relevant policies and procedures, including Accountable Authority Instructions or their equivalent, and that these are periodically reviewed and updated.
- Satisfy itself that appropriate processes are in place to periodically (but not less than once per year) assess whether key policies and procedures are complied with.
- Review management's approach to maintaining an effective internal security system (including complying with the Protective Security Policy Framework).
- Satisfy itself that TEQSA's management periodically assesses the adequacy of TEQSA's information security infrastructure.

Delegations

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

Business Continuity Management

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



System of Internal Control

Ethical and Lawful Behaviour

- Assess whether TEQSA's management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.

Internal Audit

- Review the proposed internal audit coverage, ensure the coverage considers TEQSA's key risks and strategic priorities, and recommend approval of the Annual Work Schedule by the Accountable Authority.
- Review all audit reports and consider the adequacy of proposed actions to address identified issues.
- Provide advice to the Accountable Authority on significant issues identified in audit reports and as well as the timeliness and completeness of any management remediations.

Legislative and Policy Compliance

- Satisfy itself that TEQSA's management monitors compliance with those laws, regulations, and associated government policies with which TEQSA must comply.
- Determine whether TEQSA's management has appropriately considered legal and compliance risks as part of TEQSA's enterprise risk management plan.
- Provide advice to the Accountable Authority regarding the issue of TEQSA's annual Certificate of Compliance, or equivalent report.

Other Functions

In addition to the four mandatory functions referred to above, the Committee will undertake the following responsibilities.

Planning and Budgeting

- Review TEQSA's corporate plan and Budget estimates.

Internal Audit

- Advise the Accountable Authority on the adequacy of internal audit resources, or budget, for TEQSA's internal audit function to carry out its responsibilities, including completing approved internal audit work plan.
- Obtain annual confirmation from the internal auditor of the auditor's independence.



- Oversee and endorse the audit programs conducted by internal audit and other assurance functions.
- Monitor TEQSA's management's implementation of internal audit recommendations.
- Periodically review the internal audit plan to ensure appropriate authority, access and reporting arrangements.
- Periodically review the performance of internal audit and report the results to the Accountable Authority.
- Recommend to the Accountable Authority the initial appointment and extension of the internal auditor if outsourced or co-sourced.
- Where required by the Committee, periodically meet privately with the Internal Auditor.

Governance Arrangements

- Periodically review TEQSA's governance arrangements or elements of the arrangements as determined by the Accountable Authority and suggest improvements, where appropriate, to the Accountable Authority.

Parliamentary Committee Reports and External Reviews

- Satisfy itself that TEQSA has appropriate mechanisms to review and implement, where appropriate, relevant parliamentary Committee reports and external reviews of TEQSA, and recommendations arising from these reports and reviews.

Engagement with the ANAO

In undertaking its role, the Committee will engage with the ANAO, which is TEQSA's external auditor, about the ANAO's financial statement and performance audit coverage. In particular, the Committee will:

- provide input on planned ANAO financial statement(s) and performance audit coverage
- review TEQSA-specific and relevant cross-TEQSA external performance audit reports and monitor TEQSA management's response and implementation of audit recommendations
- provide advice to the Accountable Authority on action to be taken on significant issues raised in relevant ANAO reports or better practice guides
- meet privately with the ANAO at least once per year.

Annual Table of Responsibilities

The Committee will review the Table of Responsibilities that outlines the activities necessary to achieve the Committee's functions and prepare an audit schedule each calendar year.

Reporting

The Committee will, as often as necessary, and at least once a year, report to the Accountable Authority on its operation and activities during the year and confirm to the



Accountable Authority that all functions outlined in this Charter have been satisfactorily addressed.

The Committee may, at any time, report to the Accountable Authority any other matter it deems of sufficient importance to do so. In addition, an individual Committee Member may request a meeting with the Accountable Authority at any time.

Administrative Arrangements

Meetings

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

The Chair must call a meeting if asked to do so by the Accountable Authority and decide if a meeting is required if requested by another Member, internal auditor or the ANAO.

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. This schedule (also known as the Table of Responsibilities) must cover all the functions outlined in this Charter.

Quorum

A quorum will consist of two Members. The quorum must be always in place during the meeting.

Secretariat

In consultation with the Committee, the CEO will appoint a person to provide secretariat support 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 and ensure the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated on time to each Member and Committee observers and guests, as appropriate.

Conflicts of Interest

Once each year, Members of the Committee will provide written declarations, through the Chair, to the Accountable Authority declaring any material personal interests they may have with their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations. The Accountable Authority, in consultation with the Chair, should be satisfied that there are sufficient processes to manage any realised or perceived conflict.

At the beginning of each Committee meeting, Members are required to declare any material personal interests that may apply to a specific agenda item. 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). The Chair is also responsible for deciding, in consultation with the Accountable Authority where appropriate, if he/she should excuse themselves from the



meeting or from the Committee's consideration of the relevant agenda item(s). If the Chair is excused from the meeting or from the Committee's consideration of an agenda item(s), a Deputy Chair must be appointed by Members to act in the Chair's absence. 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 Committee responsibilities.

Assessment Arrangements

The Chair of the Committee, in consultation with the Accountable Authority, will undertake a review of the performance of the Committee at least once every year. The review will be conducted on a self-assessment basis (unless otherwise determined by the Accountable Authority) with appropriate input sought from the Accountable Authority, Committee Members, senior management, internal audit, the ANAO, and any other relevant stakeholders, as determined by the Accountable Authority.

The Chair will provide advice to the Accountable Authority on Member's performance where an extension of the Member's tenure is being considered.

Review of Charter

At least once a year the Committee will review this Charter. This review will include consultation with the Accountable Authority.

Any substantive changes to the Charter will be recommended by the Committee and formally approved by the Accountable Authority.

Approved

TEQSA Accountable Authority on 15 December 2022.

Professor Peter Coaldrake
Ms Adrienne Nieuwenhuis

Professor Joan Cooper
Mr Stephen Somogyi