

National Museum of Australia Council Audit, Finance and Risk Committee charter

Version 2.4 13 March 2021

1. Name of committee

- 1.1 Audit, Finance and Risk Committee of the National Museum of Australia Council (the Committee).

2. Establishment

- 2.1 Council of the National Museum of Australia (Council) has established the Committee in compliance with s 45 of the *Public Governance, Performance and Accountability Act 2013* and s 17 of the *Public Governance, Performance and Accountability Rule 2014*.
- 2.2 The Audit, Finance and Risk Committee is constituted under section 21 of the *National Museum of Australia Act 1980* (Cth) as a committee of Council.

3. Functions

- 3.1 The Committee's functions are to:
 - 3.1.1 review the appropriateness of the National Museum of Australia's (the Museum's)
 1. financial reporting
 2. performance reporting
 3. system of risk oversight and management
 4. system of internal controls.
 - 3.1.2 provide advice independent of Museum management
 - 3.1.3 help the Museum and Council members comply with the obligations under the *Public Governance, Performance and Accountability Act 2013* and associated framework
 - 3.1.4 provide a forum for communication between Council members, Museum Executive managers, and the internal and external auditors of the Museum
 - 3.1.5 examine and recommend the Museum's annual financial statements for Council's endorsement.

4. Authority

- 4.1 The Council authorises the Committee, within its responsibilities, to:
 - 4.1.1 obtain any information it requires from any employee or external party (subject to any legal obligation to protect information)
 - 4.1.2 discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
 - 4.1.3 request the attendance of a Council member, the Director of the Museum or any Museum employee at committee meetings
 - 4.1.4 obtain legal or other professional advice, as considered necessary, to meet its responsibilities
 - 4.1.5 consider any other matters referred to it by Council or the Director which are relevant to its role.

5. Composition and tenure

5.1 Committee members

- 5.1.1 The Committee must comprise a minimum of 3 persons appointed by Council ('members'), none of whom are employees of the Museum. The Committee must not comprise more than 5 members.
- 5.1.2 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.
- 5.1.3 The following persons must not be a member of the Committee:
 - 1. Chair of Council
 - 2. Director of the Museum
 - 3. Chief Finance Officer of the Museum.

5.2 Chair

- 5.2.1 The Council will appoint a Chair of the Committee.

5.3 Deputy Chair

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

5.4 Observers

- 5.4.1 The Museum Director, Chief Finance Officer, Chief Operating Officer, Risk Manager and representatives of internal and external audit may attend meetings as observers, as determined by the Chair of the Committee.
- 5.4.2 The Chair may also nominate other people to attend as observers for whole or part meetings.
- 5.4.3 Observers are not members of the Committee.

5.5 Members' terms

- 5.5.1 Members of the Committee will be appointed for an initial term not exceeding 3 years.
- 5.5.2 Where a Committee member is also a member of Council, their membership of the Committee ceases when their term of appointment to Council ends or they otherwise cease to be a member of Council.

5.6 Reappointment and number of terms

- 5.6.1 Members are eligible for reappointment by Council for a further term of up to 3 years.

5.7 Termination of appointment

- 5.7.1 Council may terminate the appointment of a member of the Committee by reason of:
 - 1. misbehaviour or physical or mental incapacity of the member
 - 2. bankruptcy of the member, application by a member to take the benefit of any law for the relief of bankrupt or insolvent debtors, a member compounds with his or her creditors or makes an assignment of his or her remuneration for their benefit
 - 3. absence as described in section 9.2 below
 - 4. failure to adequately perform their duties as a member of the Committee.

5.8 Resignation

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

6. Responsibilities

6.1 Financial reporting

6.1.1 The Committee will:

1. provide quarterly oversight and review of the Museum's financial position
2. advise Council on the preparation and review of the Museum's annual financial statements
3. provide any other advice to Council about Council's obligations under the PGPA framework
4. advise Council on the adequacy, framework and controls relating to the Museum's internal budgeting and reporting.

6.2 Legislative and policy compliance

6.2.1 The Committee will:

1. review the effectiveness of the system for monitoring the Museum's compliance with those laws, regulations and associated government policies with which the Museum must comply
2. determine whether management has appropriately considered legal and compliance risks as part of the Museum's enterprise risk management plan
3. provide advice to Council regarding any mandatory compliance reporting.

6.3 Internal audit

6.3.1 The Committee will:

1. act as a forum for communication between Council, Executive Management and internal audit
2. review the proposed internal audit coverage, ensure the coverage is aligned with the Museum's key risks, and approve the Strategic Internal Audit Plan and the Annual Internal Audit Work Plan
3. review all audit reports and provide advice to Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice
4. monitor management's implementation of internal audit recommendations
5. review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place
6. periodically review, and provide advice to the Museum's Director, on the performance of the Museum's internal auditor where that function is outsourced or co-sourced.

6.4 External audit

6.4.1 The Committee will:

1. act as a forum for communication between Council, Executive Management and external audit
2. provide input and feedback on financial statement and performance audit coverage proposed by external audit, and provide feedback on the audit services provided

3. review all external audit plans and reports and their implications in respect of planned or completed audits, and monitor management's response and implementation of audit recommendations
4. provide advice to Council on action to be taken on significant issues raised in relevant external audit reports, better practice guides or other reports such as relevant parliamentary committee reports or external reviews.

6.5 Risk management

6.5.1 The Committee will:

1. oversee the Museum's risk management framework and internal control structures to ensure that all key controls are appropriate for achieving corporate goals and objectives and are operating effectively
2. review compliance with the Museum's risk management policy and programs
3. provide advice to the Director and Council to help them meet their external accountability obligations, including statutory and fiduciary duties
4. review the Museum's security framework against the relevant sections of the Protective Security Policy Framework (PSPF)
5. determine whether a sound and effective approach has been followed in establishing the Museum's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested
6. ensure that appropriate governance mechanisms and fraud control frameworks are in place and operating as designed.

6.6 Internal control

6.6.1 The Committee will:

1. review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisers, is sound and effective
2. review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated
3. determine whether the appropriate processes are in place to assess, at least once a year, compliance by the Museum with key policies and procedures
4. review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations
5. consider how management identifies any required changes to the design or implementation of key internal controls
6. assess whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

6.7 Performance reporting

6.7.1 The Committee will:

1. review the framework for the selection of key performance indicators and other performance measures
2. advise Council on the preparation and review of the Museum's annual performance statement
3. advise Council about action that could be taken on significant matters of concern or significant opportunities for improvement that are mentioned in reports of internal and external audits

4. generally satisfy itself that the Museum has an appropriate performance reporting framework that meets government policy objectives and requirements and is linked to the Museum's objectives and outcomes.

6.8 Other functions

6.8.1 The Committee will in relation to the following functions:

1. 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
2. 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
3. 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.

6.9 Performance of duties

6.9.1 Members of the Committee will:

1. act in the interests of the National Museum of Australia
2. apply appropriate skills, objectivity and judgement
3. express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry.

7. Subcommittees

7.1 The Committee may establish one or more subcommittees to assist the full Committee in meeting its responsibilities.

7.2 The responsibilities, membership and reporting arrangements for each subcommittee shall be documented and approved by the full Committee.

7.3 Subcommittees will adhere to this charter unless otherwise agreed and approved by the Committee.

8. Reporting

8.1 The Committee Chair or nominee will report to Council on the deliberations of the Committee.

8.2 Verbal reports to Council will be made to Council after each Committee meeting summarising the key deliberations of the Committee.

8.3 Minutes of Committee meetings will be submitted to Council for noting.

8.4 Written minutes, reports, advice and recommendations as well as presentations will be submitted to Council in a timely fashion for formal consideration by Council.

8.5 At least once a year the Committee will report to Council on its operation and activities during the year. The report should include:

1. a summary of the work the committee performed to discharge its responsibilities during the preceding year

2. a summary of the Museum's progress in addressing the findings and recommendations made in internal and external audit report and parliamentary committee reports
3. an overall assessment of the Museum's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the Museum
4. details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

9. Administrative arrangements

9.1 Frequency of meetings

- 9.1.1 The Committee will meet at least 4 times a year at such times and place as agreed by the Committee. A meeting may be called or held using any technology, including e-mail circulation, tele- or video-conference.

9.2 Attendance at meetings

- 9.2.1 A member who is absent, except on leave granted by the Committee, from 3 consecutive meetings of the Committee otherwise than on business of the Committee undertaken with approval of the Committee shall have their appointment terminated from the Committee by Council.

9.3 Disclosure of information

- 9.3.1 Committee members shall not communicate, publish, release or disclose any information provided to them as a Committee member, unless it is done in the course of performing their functions on the Committee.

9.4 Quorum

- 9.4.1 A quorum will consist of 2 committee members. The quorum must be in attendance at all times during the meeting.
- 9.4.2 A member who participates in a meeting held via use of technology, as specified in clause 9.1.1, is taken to be present at the meeting and to form part of any quorum for the meeting.
- 9.4.3 The members of a body participating in a meeting held via use of technology, as specified in clause 9.1.1, may all participate by a means of communication referred to in that clause.

10. Secretariat

- 10.1 Secretariat services will be provided by the National Museum of Australia. The secretariat will ensure the:

1. preparation and dissemination of meeting papers including out-of-session papers
2. recording Committee meeting minutes
3. dissemination of minutes to Committee members
4. coordination of meeting location, room, travel, accommodation, teleconference and related logistics.

11. Disclosure of interests

11.1 Annual statement

- 11.1.1 Once each year, members of the Committee will provide written declarations to the Chair of the Committee for provision to Council, declaring any material personal interests they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations.

- 11.1.2 The Chair of the Committee (or Council, if the Chair of the Committee has made a declaration) should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

11.2 Meeting statement

- 11.2.1 At the beginning of each Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda.
- 11.2.2 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).
- 11.2.3 Details of interests declared by members and action taken will be appropriately minuted.

12. Assessment arrangements

- 12.1 The Chair of the Committee will initiate a review of the performance of the Committee at least once every 2 years.
- 12.2 The review will be conducted with appropriate input sought from Council members, Committee members, executive management, the internal and external auditors, Chief Financial Officer, and any other relevant stakeholders, as determined by the Chair of Council.
- 12.3 The Committee will, prior to each review:
1. Identify the criteria to be used when assessing the performance of the committee
 2. Ensure that the review considers the committee's actions and deliverables including documentation, work plan and communications with Council, the Director, senior executive staff and other stakeholders
 3. Determine how the performance and attributes of individual committee members will be assessed.

13. Review of charter

- 13.1 At least once every 2 years the Committee will review this charter and will consult with Council as part of the review.
- 13.2 Any substantive changes to the charter will be recommended by the Committee and formally approved by Council.

14. Approval

- 14.1 This charter was approved by Council on 13 March 2021.