



Australian Government



Northern Australia Infrastructure Facility

# NAIF Board Audit and Risk Committee Charter

June 2017

[www.naif.gov.au](http://www.naif.gov.au)

## Contents

1.	Functions.....	3
2.	Duties and Responsibilities.....	3
2.1	Risk settings and parameters .....	3
2.2	Internal and external audit function.....	3
2.3	Compliance controls and oversight.....	3
2.4	Management and internal controls .....	4
2.5	Financial and performance reporting .....	4
2.6	Audit review .....	4
2.7	Other responsibilities .....	4
3.	Membership .....	4
3.1	Participation of non-members.....	5
4.	Meetings .....	5
4.1	Minutes .....	5
5.	Accountability .....	5
5.1	Internal Audit .....	5
5.2	External Auditors .....	5
5.3	Access to the Committee.....	5
5.4	Access to Management .....	6
6.	Reporting .....	6
6.1	Review of performance.....	6
6.2	Review of Charter.....	6

# 1. Functions

In accordance with the *Public Governance, Performance and Accountability Act 2013* (“**PGPA Act**”) and the *Public Governance, Performance and Accountability Rule 2014*, the primary function of the Board Audit and Risk Committee (“**Committee**”) is to review the appropriateness of:

- financial reporting;
- performance reporting;
- the system of risk management and oversight; and
- the system of internal control,

for the Northern Australia Infrastructure Facility (“**NAIF**”).

## 2. Duties and Responsibilities

In order to discharge its primary function, the Committee will:

### 2.1 Risk settings and parameters

- develop and recommend to the Board for adoption an appropriate Risk Appetite Statement for NAIF in accordance with the *Northern Australia Infrastructure Facility Investment Mandate Direction 2016*;
- periodically review NAIF’s Risk Appetite Statement to assess whether it remains current and relevant to NAIF;
- monitor the Risk Management Framework, its effectiveness, implementation and adherence to policies and procedures and make recommendations to the Board on changes to the Framework, where appropriate;

### 2.2 Internal and external audit function

- make recommendations to the Board on the appointment, assessment and removal of the internal auditors (if any), and oversee their independence;
- assist the Australian National Audit Office (“**ANAO**”) with the appointment, assessment and removal of external auditors, and oversee their independence;
- annually review and approve the external and (if any) internal audit fees, plans and their scope;

### 2.3 Compliance controls and oversight

- monitor the internal control environment and procedures designed to achieve compliance with laws, regulations, Commonwealth government policies and other relevant standards;
- oversee compliance with statutory and other legal requirements relating to financial disclosure and regulatory reporting;
- monitor and assist NAIF and its directors to comply with obligations under the PGPA Act and any other applicable legislation;
- provide an effective forum for communication between the directors, NAIF’s senior managers and the internal and external auditors;
- monitor compliance with Board approved limits and controls;
- monitor changes of significance to NAIF in relation to the various laws, regulations, accounting policies and regulatory / reporting requirements that apply to NAIF;

### 2.4 Management and internal controls

- satisfy itself that the current areas of material financial and operational risk to NAIF have been identified and that management are effectively managing the risks;

- satisfy itself that effective systems of accounting, administrative and operational controls are in place to manage financial risk so that timely and meaningful financial statements are available to stakeholders;

## 2.5 Financial and performance reporting

- review the annual and half yearly financial statements and recommend acceptance to the Board;
- approve NAIF's accounting policies and practices in the light of relevant laws, accounting standards and principles;
- comply with directions and guidance from the Department of Finance under the PGPA Act in relation to financial and performance reporting;
- review the annual performance statement and recommend acceptance by the Board;

## 2.6 Audit review

- review the audit plan to determine whether all material risks and financial reporting requirements are covered by the audit plan;
- review and assess the findings of the internal and external auditors and the action taken and the timetable proposed by management in response to those findings; and
- review, at least annually, the scope, results and performance of the external and internal auditors.

## 2.7 Other responsibilities

- commission such special audits or investigations as may be necessary;
- determine whether to approve any consultants to the ANAO undertaking any non-audit consultancy work for NAIF;
- monitor the performance of the Chief Risk Officer; and
- perform any other tasks the Board may from time to time authorise.

# 3. Membership

The Committee will consist of at least 3 members, with a minimum of 2 non-executive Directors of the Board, all of whom should have appropriate qualifications, knowledge, skills and experience to assist the Committee to perform its functions. At least one of the members of the Committee should be an accountant or financial professional with experience of financial and accounting matters.

The Board will appoint Committee members. They will be subject to rotation as determined by the Board.

The Board will appoint one of the members as Chair of the Committee. The Chair of the Board cannot be the Chair of the Committee.

Pursuant to the PGPA Act, the Chief Executive Officer and the Chief Financial Officer of NAIF cannot be members of the Committee.

Whenever possible, members designate will attend Committee meetings during a transition period prior to the retirement of the member that they will replace.

Any Board member is welcome to attend any Committee meeting.

## 3.1 Participation of non-members

Internal and external auditors and employees of NAIF may attend and participate in meetings at the invitation of the Committee (but will not be entitled to vote).

The Chief Executive Officer is expected to attend meetings of the Committee, together with such other members of management as the Committee determines.

The Committee will have a discussion with the external auditors and internal auditors, at least once a year, without members of management in attendance.

The Committee collectively, and each member individually, has the right to seek independent professional advice they determine is appropriate to enable the Committee or its members to satisfy their responsibilities and meet their objectives. Any individual member of the Committee may retain such independent advice, at the cost of NAIF, with the prior approval of the Committee Chair.

Other members of the Board will receive copies of the Committee papers upon request.

## 4. Meetings

The Committee will hold at least 2 meetings per year, or such greater number as the Chair may determine. A member of the Committee may attend a meeting via telephone or videoconference rather than in person.

At a meeting of the Committee, a quorum consists of 2 members.

### 4.1 Minutes

The Board Secretary will keep minutes of Committee meetings. The minutes, or relevant extracts from them, will be provided to the internal and external auditors.

## 5. Accountability

### 5.1 Internal Audit

The internal auditors are accountable to the Chief Executive Officer, the Committee and the Board.

While day to day issues under the contract with the outsourced internal auditors will be handled by management, the internal auditors will have direct access to the Committee at any time.

### 5.2 External Auditors

The Committee is the channel to the Board for communication with the external auditors, the ANAO, and any consultants engaged by the ANAO. Any member of the Committee may request a meeting with the external auditors in order to fulfil the Committee's charter.

### 5.3 Access to the Committee

On any matter within the Committee's charter, any member of NAIF's staff has access to the Chair of the Committee.

### 5.4 Access to Management

The Committee will have complete access to NAIF's staff and business records in order to fulfil its charter. For the purpose of fostering open communication, the Committee will meet with management, the internal and external auditors in separate executive sessions as the Committee sees fit to discuss any matters the Committee or each of these groups believe should be discussed privately.

## 6. Reporting

The Chair of the Committee will provide a report to the Board following each meeting. In addition, the Committee will provide:

- copies of its minutes to the Board;
- a report annually to the Board on the trends/issues that have arisen in the Committee's work over the previous twelve months; and
- such additional reporting as the Board may require.

### 6.1 Review of performance

The Committee will review the scope and effectiveness of its activities annually. The review will incorporate input from relevant stakeholders and the Chair of the Committee will provide a report to the Board.

### 6.2 Review of Charter

The Committee will review the Charter at least biennially.