

Audit Committee Charter

1. Overview

The National Disability Insurance Agency (the NDIA or Agency) Board (the Board) has established the Audit Committee (the Committee) to provide independent advice and assurance to the Board, as the Agency's accountable authority, in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (the PGPA Rules).

The Committee will assist the Board to ensure the proper, efficient and effective performance of the Agency's functions and, in doing so, deliver the National Disability Insurance Scheme (the NDIS or Scheme) to support the independence and social and economic participation of people with disability.

The Board has adopted this Charter to describe the role and functions of the Committee and to outline the way they will be discharged. This Charter provides a framework for the operation of the Committee.

2. Role and responsibilities

The Committee's role is to review and provide advice to the Board on the appropriateness of the Agency's:

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

The Committee will work closely with the Risk Committee, which supports the Board to discharge its statutory responsibilities for risk oversight and management.

The Committee is not responsible for the executive management of these functions which is the responsibility of the Agency's Chief Executive Officer (CEO).

3. Membership

The Committee will comprise at least 3 members appointed by the Board, who are not employees of the Agency and who together have appropriate qualifications, knowledge, skills and/or experience to assist the Committee to perform its functions.

The Board will appoint a Chair of the Committee. Consistent with section 17(5)(a) of the PGPA Rule, the Board Chair cannot be the Committee Chair, but may attend meetings.

Membership will be reviewed annually by the Board in accordance with the Board Charter.

Members are required to understand and observe the legal requirements of the PGPA Act and PGPA Rule.

4. Functions

The Committee is responsible for the following functions:

Financial reporting

The Committee will review the Agency's financial statements and provide advice to the Board on the appropriateness of the Agency's:

- annual financial statements, specifically that they comply with the PGPA Act, PGPA Rules, Accounting Standards and supporting guidance
- action in response to any issues raised by the external auditor, including financial statements adjustments or revised disclosures
- processes to ensure that financial information included in the Agency's Annual Report is consistent with the signed financial statements
- financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement, and
- the impact of any matters raised by the Scheme Actuary which impact on the financial statements of the Agency.

Performance reporting

The Committee will review the Agency's performance statements and provide advice to the Board on the appropriateness of the Agency's:

- systems and procedures for assessing, monitoring and reporting the achievement of the Agency's performance, and determine that:
 - the Portfolio Budget Statements and Corporate Plan contain appropriate details of how the Agency will achieve its purposes and measure and assess its performance
 - the approach to measuring performance covers the whole performance reporting lifecycle and is appropriate and in accordance with the Commonwealth performance framework guidance
 - 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

- Annual Performance Statements and performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Risk oversight and management

The Committee will review the Agency's system of risk oversight and management and provide advice to the Board on the appropriateness of the Agency's:

- enterprise risk management policy framework and the necessary internal controls for the identification and management of the Agency's key risks, including emerging risks and risks associated with significant projects and program implementation activities, in accordance with the Commonwealth Risk Management Policy
- risk management capability and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to
- approach for reporting on the management of risks to support the Board's role in oversight of risk management
- processes for developing and implementing the Agency's fraud control arrangements, including detecting, capturing and responding to fraud risk, in accordance with the Commonwealth Fraud Control Framework, and
- systems for risk oversight and risk management as a whole, with reference to the Commonwealth Risk Management Policy any specific areas of concern or suggestions for improvement.

Systems of internal control

The Committee will review the Agency's internal control framework and provide advice to the Board on the appropriateness of the Agency's:

- approach to maintaining an effective internal control framework
- 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
- approach to implementing controls and systems to ensure compliance with, as well as monitoring compliance performance in relation to, enabling legislation, regulations and Government policies
- consideration of legislative compliance risks within the internal control framework, fraud control framework and planning
- steps taken to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct
- internal audit planning to ensure coverage and alignment with the Agency's key risks, reporting on major concerns identified in internal audit reports, and recommending action on significant matters raised, and dissemination of information on good practice, and
- processes for monitoring the implementation of internal audit recommendations and external reports and recommendations of relevance to the Agency.

Internal audit coverage

The Committee will review the Agency's internal audit coverage and provide advice to the Board on the Agency's:

- audit reports on significant issues identified in audit reports, and recommending action on significant issues raised, including identification and dissemination of good practice
- monitoring the Agency's implementation of internal audit recommendations
- obtaining an annual report from the Agency's Internal Auditor, or the outsourced internal audit service provider, on the overall state of the Agency's internal controls, and
- considering the effectiveness of the internal audit function and providing recommendations to management and the Board on any improvements needed.

5. Engagement with the ANAO

The Committee will engage with the Australian National Audit Office (ANAO), as the Agency's external auditor, in relation to the ANAO's financial statement and performance audit processes.

In particular, on behalf of the Board, the Committee will:

- provide input to ANAO financial statement and performance audit processes
- monitor the Agency's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations
- provide advice and recommendations to the Board on action to be taken on significant issues raised in relevant ANAO reports and/or better practice guides
- review with management and the ANAO the results and conduct of the audit process, and
- meet privately with the ANAO at least once per year, or upon request of the ANAO or any Committee Member.

6. Meetings

Convening meetings

The Committee will meet at least 4 times per year. One or more special meetings may be held as required.

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

The Committee will develop a forward workplan and meeting schedule that includes the dates, location, and proposed agenda items for each meeting, and that covers all the responsibilities outlined in this charter.

Presiding at meetings

The Committee Chair will preside over all meetings at which they are present. If the Committee Chair is not present, the member nominated by the Committee Chair presides or if no member has been nominated by the Committee Chair, the other members present must appoint one of themselves to preside.

Quorum

A quorum will consist of three Committee members. The quorum must be in attendance at all times during the meeting. However, if:

- a member has a material conflict of interest and is required not to be present during deliberations on a matter, and
- when the member leaves the meeting and there is no longer a quorum present

the remaining members at the meeting constitute a quorum for the purpose of any deliberation at that meeting with respect to that matter.

Secretariat

Secretariat arrangements will be the same as for the Board.

Attendance

Any Board member may attend any meeting of the Committee and request a copy of any Committee paper unless a conflict of interest arises.

The CEO and relevant member(s) of the Strategic Leadership Team (SLT) will attend all meetings of the Committee unless a conflict of interest arises.

The Committee Chair may invite others to attend meetings as observers including:

- representative(s) of the ANAO, and
- representative(s) of the co-sourced internal audit service provider.

7. Reporting and review

The Committee Chair will report to the Board at the next Board meeting following a meeting of the Committee on any matters the Committee considers should be brought to the attention of the Board.

The Committee will at least once annually confirm to the Board that all its functions have been carried out and comply with any other reporting requirements specified by the Board.

The Board will review the Committee charter annually. The Committee may undertake a review of the Charter when deemed necessary and make recommendations for change to the Board for approval.

The Committee may at any time report to the Board any matter it deems of sufficient importance.

8. Conflicts of interest

Conflict of interest arrangements will be the same as for Board.

At each meeting, Committee members must disclose details of any material interest that may apply to specific matters on the meeting agenda.

Where a conflict of interest exists with respect to a particular agenda item, the Committee member will not receive a paper or attend in relation to that agenda item.