



**Australian Government**  

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**Organ and Tissue Authority**

# **Organ and Tissue Authority Audit and Risk Committee Charter**

**February 2022**

## Version Control

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## 1. INTRODUCTION

- 1.1 The Organ and Tissue Authority (OTA) Audit and Risk Committee (the Committee) has been established by the Accountable Authority in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 – Audit committee for Commonwealth entities. The Accountable Authority for the OTA is the Chief Executive Officer of the OTA (CEO).
- 1.2 This Charter sets out the role and responsibilities of the Committee, including authority, membership, function, reporting and administrative arrangements.

## 2. AUTHORITY

- 2.1 The CEO authorises the Committee, within the scope of its role and functions, 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 Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations)
  - c. request the attendance of any official at Committee meetings, and
  - d. obtain external legal or other professional advice as considered necessary to fulfil its role, at the OTA's expense, subject to approval of the expenditure by the CEO, or their delegate.

## 3. MEMBERSHIP

- 3.1 As of 1 July 2021, the Committee comprises three external members, including a Committee Chair (the Chair).<sup>[1]</sup>
- 3.2 The CEO will appoint all Committee members and determine:
- a. their period of tenure as Committee member
  - b. whether the Committee temporarily increases its membership above three in order to ensure enough members are present at Committee meetings during a Committee member transition period, and
  - c. whether, after a formal review of their performance, to re-appoint a Committee member for a further period.
- 3.3 Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of a Government entity. 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.
- 3.4 The OTA CEO, Chair of the Board and/or Board members, Chief Operating Officer, and/or other management representatives may attend meetings as determined by the Chair but will not be Committee members.
- 3.5 One or more representative(s) of the ANAO and the OTA's internal audit/internal assurance function will be invited to attend meetings of the Committee, as an observer.

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<sup>1</sup>From 1st July 2021 the PGPA Rule requires that all of the members of the audit committee are not officials of the entity, and a majority of the members be persons who are not officials of any Commonwealth entity.

## 4. ROLE AND FUNCTIONS

- 4.1 The Committee's role is to provide assessment and advice to the CEO on the OTA's financial and performance reporting responsibilities, risk oversight and management, and system of internal control. The Committee is not responsible for the executive management of these functions.
- 4.2 The Committee will be assisted by the OTA's internal audit/internal assurance function that is responsible for delivering an internal audit/internal assurance program, as required and in line with the Committee's guidance. The Committee will exercise a governance role in relation to the OTA's internal audit/internal assurance function.
- 4.3 Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and Rules. Members are also expected to:
- a. act in the best interests of the OTA as a whole
  - b. apply good analytical skills, objectivity and good judgment
  - c. engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the CEO
  - d. express opinions constructively and openly, raise issues that relate to the Committee's responsibilities
  - e. not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the CEO, and
  - f. contribute the time required to meet their responsibilities.

### Financial reporting

- 4.4 The Committee will review and provide advice to the CEO on the appropriateness of:
- a. the annual financial statements
  - b. the processes and systems in place for preparing financial reporting information, and
  - c. the processes in place to allow the OTA to stay informed throughout the financial year of any changes or additional requirements in relation to financial reporting.

### Performance reporting

- 4.5 The Committee will review the OTA's systems and procedures for assessing, monitoring and reporting the achievement of the OTA's performance. In particular, the Committee will provide advice on whether the:
- a. Portfolio Budget Statements and Corporate Plan contain appropriate details of how the entity's performance will be measured and assessed
  - b. approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is appropriate and in accordance with the Commonwealth performance framework

- c. appropriate systems and processes are in place for the preparation of its annual performance statement and the inclusion of the statement in its annual report, and
- d. annual performance statement is appropriate.

### **Systems of risk oversight and management**

4.6 The Committee is required to review the entity's systems of risk oversight and management, which will involve the Committee gaining an understanding of the risk appetite and operating environment of the OTA.

4.7 The Committee will review and provide advice on the appropriateness of:

- a. the enterprise risk management framework and associated internal controls for effective identification and management of the OTA's risks, in keeping with the Commonwealth Risk Management Policy
- b. the approach to manage the OTA's key risks including those associated with individual projects, program implementation, and activities
- c. the process of developing and implementing the OTA's fraud control arrangements and satisfy itself that the OTA has appropriate processes and systems for detecting, capturing and effectively responding to fraud risks
- d. reporting on fraud from management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in the OTA, and
- e. the OTA's developed risk management capability and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to within the OTA.

### **Systems of internal control**

#### **Internal control framework**

4.8 The Committee will review management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing compliance with key policies and procedures. This framework should include:

- a. controls in relation to functions performed by external parties such as contractors and advisers, and
- b. reviews as to whether management has in place relevant policies and procedures, such as Accountable Authority Instructions, delegations, a business continuity plan, or bullying and harassment policies.

#### **Legislative and policy compliance**

4.9 The Committee will:

- a. review the effectiveness of systems for monitoring the OTA's compliance with laws, regulations and associated government policies with which the OTA must comply, and

- b. determine whether management has adequately considered legal and compliance risks as part of the OTA's enterprise risk management framework, fraud control framework and planning.

### Security compliance

- 4.10 The Committee will review management's approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework and ICT security policy.

### Internal audit/Internal assurance coverage

- 4.11 The Committee will:
  - a. review the proposed internal audit/internal assurance coverage, ensuring the coverage takes into account the OTA's key risks, and
  - b. review all internal audit/internal assurance reports and provide advice to the CEO on significant concerns identified in those reports and recommend action on significant issues raised, including identification and dissemination of information on good practice.

### Other functions

- 4.12 In addition to the four mandatory functions, the CEO may decide the Committee should undertake some or all of the following additional functions:
  - a. **Business continuity management:** The Committee will satisfy itself that an appropriate approach has been followed in establishing the OTA's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.
  - b. **Ethical and lawful conduct:** The Committee will assess whether management 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.
  - c. **Portfolio responsibilities:** The Committee will satisfy itself that appropriate mechanisms are in place for the portfolio Secretary to be informed of all significant issues within the portfolio.
  - d. **Parliamentary committee reports, external reviews and evaluations:** The Committee will satisfy itself that the OTA has appropriate mechanisms in place to review relevant parliamentary committee reports, external reviews and evaluations of the OTA and implement, where appropriate, any recommendations arising.
  - e. **Governance arrangements:** The Committee will periodically review the OTA's governance arrangements or elements of the arrangements as determined by the CEO and suggest improvements, where appropriate, to the CEO.
  - f. **Engagement with the ANAO:** The Committee will engage with the ANAO, as the OTA's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular, the Committee will:
    - provide input on planned ANAO financial statement and performance audit

coverage

-monitor management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations

-provide advice to the CEO on action to be taken on significant issues raised in relevant ANAO reports or better practice guides, and

-meet privately with the ANAO at least once per year.

- g. **Other:** The Committee will undertake any other activities related to its role and responsibilities as requested by the CEO.

## 5. REPORTING

5.1 The Committee will report at least four times per year to the CEO on its operation and activities during the year and confirm that all functions outlined in this Charter have been satisfactorily addressed.

5.2 The Committee will provide an annual report (in line with the financial reporting year) to the CEO on the activities and outcomes of the Committee against its functions outlined in this Charter.

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

## 6. ADMINISTRATIVE ARRANGEMENTS

### Meetings

6.1 The Committee will meet at least three times per year, either face-to-face or virtually. One or more special meetings will be held to review the OTA's annual financial and performance statements, or to meet other specific responsibilities of the Committee.

6.2 The Chair is required to call a meeting if asked to do so by the CEO and decide if a meeting is required if requested by another Committee member, internal audit/internal assurance, or the ANAO.

6.3 A forward work plan including meeting dates and proposed agenda items will be agreed by the Committee each year. The forward work plan will cover all of the Committee's responsibilities as detailed in this Charter.

6.4 All matters for discussion at Committee meetings will be proposed formally through the submission of papers to the meeting or out-of-session with the agreement of the Chair. The Chair may allow discussion of further matters at their discretion.

### Quorum

6.5 A quorum will consist of at least two out of three Committee members and must be in place at all times during the meeting.

### Secretariat

6.6 The CEO, in consultation with the Committee, will appoint a person to provide secretariat support to the Committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least five working days before the meeting. The Secretariat will ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within 10 working days of the meeting to each Committee member and as appropriate to an adviser or observer.



### **Conflicts of interest**

- 6.7 Annually, Committee members will provide written declarations to the CEO of potential or actual conflicts of interest that would preclude them from being members of the Committee.
- 6.8 At the beginning of each Committee meeting, members are required to declare any conflict of interest that may apply to specific matters on the agenda. The Chair may require the member to 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 CEO, where appropriate, whether the Chair should not attend the meeting or part of the meeting because of a real or perceived conflict. Details of any conflicts of interest must be recorded in the minutes.

### **Induction**

- 6.9 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities. Information and briefings should be provided no later than 3 weeks before the member's attendance at their first Committee meeting.

### **Assessment arrangements**

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

### **Review of Charter**

- 6.11 At least once a year the Committee will review this Charter in consultation with the CEO. Any substantive changes to the Charter must be endorsed by the Committee and formally approved by the CEO.

### **Approval**

- 6.12 Approval by the CEO and signature herein, is required to formalise this document.



Lucinda Barry  
CEO Organ and Tissue Authority  
14 February 2022