



Audit and Risk Committee Charter

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Change Summary

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Introduction

Audit committees are integral to good corporate governance. They provide advice to accountable authorities and assist them to meet their duties and obligations.

The Board of the High Speed Rail Authority (accountable authority) has established the Audit and Risk Committee (ARC) in accordance with section 45 of the [Public Governance, Performance and Accountability Act 2013](#) (PGPA Act) and section 17 of the [Public Governance, Performance and Accountability Rule 2014](#) (PGPA Rule) – Audit Committee for Commonwealth entities.

This charter sets out the Committee’s functions, membership, reporting and administrative arrangements.

Functions

In order to assist the HSRA accountable authority (referred to as the HSRA Board) meet its broader duties and responsibilities under the PGPA Act, as set out under section 17 of the PGPA Rule, the HSRA Board is required to determine the functions of the HSRA Board’s ARC, including the appropriateness¹ of the accountable authority’s:

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

Financial reporting

- In relation to financial reporting, the ARC will review and provide advice to the HSRA Board on the appropriateness of the HSRA’s:
 - annual financial statements;
 - information (other than annual financial statements) requested by the Department of Finance in preparing the Australian Government’s consolidated financial statements, including the supplementary reporting package;
 - processes and systems for preparing financial reporting information;
 - financial record keeping;
 - process in place to allow the HSRA to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.
- The ARC will advise the HSRA Board:
 - whether the annual financial statements, in the committee’s view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
 - whether additional HSRA information (other than financial statements) required by the Department of Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;

¹ ‘Appropriateness’ has its ordinary meaning of *suitable or fitting for a particular purpose*; A guide for corporate Commonwealth entities on the role of audit committees, p. 8.

- in respect of the appropriateness of the HSRA’s financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.
- The advice provided by the ARC to the HSRA Board will enable the Board to discharge its finance reporting obligations including to the Australian National Audit Office (ANAO).

Performance reporting

- In relation to performance reporting, the ARC will review and provide advice to the HSRA Board on the appropriateness of the HSRA’s:
 - systems and procedures for assessing, monitoring and reporting on achievement of the HSRA’s performance. Particularly, the committee could satisfy itself that the HSRA:
 - Portfolio Budget Statements and Corporate Plan contain appropriate details of how the HSRA’s performance will be measured and assessed;
 - approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is appropriate, effective and in accordance with the Commonwealth performance framework. This may include reviewing, over time, particular patterns of the performance measures;
 - has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its Annual Report.
- The ARC will review the annual performance statements and provide advice to the HSRA Board on their appropriateness to the HSRA.
- The ARC will advise the HSRA Board whether, in their view, the HSRA’s annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.
- The advice provided by the ARC to the HSRA Board will enable the Board to discharge its performance reporting obligations including to the ANAO.

Risk oversight and management

- In relation to risk oversight and management, the ARC will review and provide advice to the HSRA Board on the appropriateness of the HSRA’s:
 - enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the HSRA’s risks;
 - approach to managing the HSRA’s key risks – including those associated with individual projects and program administration and activities;
 - process for developing and implementing the HSRA’s fraud control arrangements, consistent with the fraud control framework, in order to satisfy itself that the HSRA has adequate processes for detecting, capturing and effectively responding to fraud risks;
 - articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the HSRA.
- The ARC will review strategic risks for presentation to the HSRA Board. The annual review of strategic risks will include consideration of the risks and recommendations identified in the Schott Review of Inland Rail to the extent that they are applicable to HSRA.
- The ARC will advise the HSRA Board whether, in their view, the HSRA’s system of risk oversight and management as a whole is appropriate and any specific areas of concern or suggestions for improvement.

System of Internal control

- In relation to the system of internal control, the ARC will review and provide advice on the appropriateness of the HSRA's periodic internal audit of:
 - internal control framework
 - reviewing management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing whether key policies and procedures are complied with. This does not extend to reviewing internal control frameworks in any Commonwealth Government Department which provides services to the HSRA under a shared service arrangement;
 - reviewing whether management has in operation relevant policies and procedures – such as accountable authority instructions, delegations, a business continuity management plan, or bullying and harassment policies.
 - legislative and policy compliance
 - reviewing the effectiveness of systems for monitoring the HSRA's compliance with laws, regulations and associated government policies with which the HSRA must comply;
 - determining whether management has adequately considered legal and compliance risks as part of the HSRA's enterprise risk management framework, fraud control framework and planning.
 - security compliance
 - reviewing management's approach to maintaining an effective internal security system (including complying with the Protective Security Policy Framework).
 - Work Health and Safety (WHS) compliance
 - reviewing the effectiveness of the HSRA's Work Health and Safety Management System (WHSMS) in complying with the specific responsibilities under the WHS Act 2011 as a 'person conducting a business or undertaking' (PCBU).

ARC will:

- review the proposed internal audit program, ensuring that the program's coverage takes into account the HSRA's primary risks, and recommend approval of an annual internal audit work plan by the HSRA Board;
- review all internal audit reports, provide advice to the HSRA Board on major concerns identified in those reports, and recommend action on significant matters raised – including identification and dissemination of information on good practice.
- The ARC will advise the HSRA Board about the Board's system of internal controls and whether they are effective and appropriate for the HSRA. This advice may contain reference to any specific areas of concern or suggestions for improvement.

Administrative Arrangements

Annual work plan

As far as is practicable, the ARC should indicate which matters it will consider during any given year in a forward meeting plan, noting that it may consider other or additional matters in response to changes in the entity's operations and environment. The forward meeting plan will include the proposed agenda items for each meeting for the forthcoming year, and cover all of the functions outlined in this charter.

Induction

New ARC members will receive relevant information and briefings on their appointment to assist them to meet their responsibilities.

Sub-committees

The ARC may establish one or more sub-committees to assist the full committee in meeting its responsibilities, in consultation with the HSRA Board.

The responsibilities and reporting arrangements for each sub-committee will be documented and approved by the ARC with reference to the HSRA Board.

The establishment of such sub-committees does not change the ARC's functions under this charter.

Meetings

The ARC must hold at least four (4) meetings a year. One or more special meetings may be held to review the HSRA's annual financial and performance statements or to meet other responsibilities of the ARC. Additional papers may be circulated to the ARC members for review out-of-session.

All ARC members are expected to attend each meeting in person, by video conference or by teleconference.

The Chair may, if they consider it appropriate, convene additional meetings if requested by the HSRA Board, another ARC member, internal audit or the ANAO.

A quorum will consist of a majority of ARC members. The quorum must attend at all times during the meeting.

Secretariat

The ARC is supported by the ARC Secretariat which is comprised of a Secretary and two Secretariat Coordinators that sit within the HSRA Corporate team.

The Secretariat's purpose is to support the HSRA ARC through arranging meetings, preparing meeting agendas, papers and meeting minutes, and appropriate record keeping of committee documentation.

Access to and use of information

The HSRA Board authorises the ARC, in performing its functions, to:

- obtain any information it requires from HSRA officials or external parties (subject to any legal or Commonwealth information security obligation including in relation to protected information);
- request the attendance of any HSRA Board members or HSRA officials at meetings, as appropriate and with either the agreement of the HSRA Board Chair or HSRA Chief Executive Officer (CEO) as appropriate; and

- obtain legal or other professional advice, at the HSRA's expense, as considered necessary to meet its responsibilities with agreement of the HSRA Board Chair.

ARC members must not use or disclose information obtained by the committee except in meeting the committee's responsibilities, or unless expressly agreed by the HSRA Board.

Membership

The ARC must comprise a minimum of three (3) persons who should collectively possess sufficient knowledge of governance, assurance, audit, finance, information technology, legislation, risk management, compliance and control plus any special attributes relevant to the HSRA and its industry to assist the committee to perform its functions, appointed by the HSRA Board.

The HSRA Board will appoint the Chair of the ARC, who shall not be the Chair of the HSRA Board.

The ARC is authorised to appoint a Deputy Chair who will act as Chair in the absence of the Chair.

The HSRA Board Chair and Board members may attend meetings as observers, but will not be members of the ARC.

The HSRA CEO and Chief Financial Officer (CFO) or other key management representatives may attend meetings as advisers and observers, as determined by the ARC Chair, but will not be members of the ARC.

A representative from the ANAO will be invited to attend meetings as observer, but will not be a member of the ARC.

Membership of the ARC will be reviewed periodically, but at least every three (3) years by the HSRA Board, with the aim of ensuring member competencies and appropriate balance of skills are maintained.

Terms of Appointment

ARC appointments will be made by the HSRA Board.

The ARC Chair will be appointed for an initial term of three (3) years or, where relevant, the maximum term specified in their instrument of appointment to the Board by the Minister responsible for the *High Speed Rail Authority Act 2022* (the Minister).

ARC appointments will ordinarily be for an initial term of three (3) years, with appointments staggered to enable continuity of knowledge. ARC membership constitutes a personal and specific appointment - as such proxies are not permitted.

The ARC Chair and members will be eligible for reappointment by the HSRA Board for two successive terms of one (1) year, subject to satisfactory performance and reappointment to the Board as a member by the Minister. Maximum total period of service terms for the ARC Chair and members will ordinarily be set at five (5) years, unless otherwise determined by the HSRA Board.

Where a committee member is also a member of the HSRA Board, their ARC membership ceases upon cessation of their HSRA Board membership.

An ARC member may resign by writing to the ARC Chair of the ARC who will refer the resignation to the HSRA Board for formal consideration and acceptance as appropriate.

Reporting

The ARC Chair must report to the HSRA Board at the next meeting following the ARC meeting on any matters that the committee considers should be brought to the attention of the Board.

The Chair, on behalf of the ARC, must at least once each year:

- provide a statement to the HSRA Board on whether, in their view, HSRA's:
 - Annual financial statements and additional entity information required by the Department of Finance or the ANAO comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
 - Financial reporting as a whole;
 - Annual performance statements and performance reporting as a whole;
 - System of risk oversight and management as a whole; and
 - System of internal controls,are appropriate for HSRA, with reference to any specific areas of concern or suggestions for improvement.
- Confirm to the HSRA Board that all responsibilities of the ARC outlined in this charter have been carried out.

The Chair must report to the HSRA Board on any matter requested by the HSRA Board from time to time. The Chair and the ARC may rely in good faith, in discharging its responsibilities under this Charter, on any statement provided by an auditor, a Commonwealth Government Department that provides services to the HSRA under a shared service model and an employee of the HSRA whom the Chair believes is reliable and competent in relation to the relevant matter.

Conflicts of Interest

Once each year, members of the ARC will provide written declarations, through the Chair, to the HSRA Board declaring any material personal interests they may have in relation to their responsibilities.

At the beginning of each ARC meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excluded from the meeting or from the committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if they should excuse themselves from the meeting or from the committee's consideration of the relevant agenda item(s). Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Reviewing and assessing Committee Performance

The ARC Chair will initiate a self-assessment of the performance of the committee at least once every two (2) years. The review will involve input from the HSRA Board, each committee member, senior management of the HSRA, internal audit, the ANAO, and any other relevant stakeholders as determined by the committee.

Review of Audit and Risk Committee Charter

At least once a year, the ARC will review the appropriateness of this charter. The review will include consultation with the HSRA Board. All changes to the charter will be recommended by the ARC to, and formally approved by, the HSRA Board.

The HSRA Board (accountable authority) will approve the charter.