



NDIS Quality
and Safeguards
Commission

Audit and Risk Committee Charter



September 2024



Audit and Risk Committee Charter

Role and objectives

The NDIS Quality and Safeguards Commissioner has established the Audit and Risk Committee (ARC) in accordance with subsection 45(1) 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).

The Audit and Risk Committee (ARC) is integral to good corporate governance. The ARC will provide independent advice to the NDIS Quality and Safeguards Commissioner on the appropriateness of the NDIS Commission's financial and performance reporting, system of risk oversight and management, and system of internal control.

This charter sets out the ARC's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

ARC members are required to understand and observe the legal requirements of the PGPA Act and Rules. ARC Members are expected to:

- act objectively in the best interests of the NDIS Commission;
- demonstrate capability, express opinions constructively and openly, and raise issues that relate to the Committee's responsibilities;
- contribute adequate time to meet their responsibilities;
- actively maintain a good understanding of NDIS Commission's operating context.

Committee members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the NDIS Quality and Safeguards Commissioner.

Functions

The ARC acts in an advisory capacity and has no decision-making authority.

The key functions of the Committee will include reviewing the appropriateness of the NDIS Commission's financial reporting, performance reporting, system of risk oversight and management, and system of internal control.

Financial Reporting

The ARC will review and provide advice to the NDIS Quality and Safeguards Commissioner on the NDIS Commission's:

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- annual financial statements, including adequacy of areas of significant judgment and estimation;
 - 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;
 - processes in place to allow the NDIS Commission to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.

The ARC will provide a statement to the NDIS Quality and Safeguards Commissioner:

- on whether, in its view, the annual financial statements, and any additional information 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 issued by the Australian Accounting Standards Board (as may be amended from time to time) and supporting guidance; and
- in respect of NDIS Commission's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance Reporting

The ARC will review and provide advice to the NDIS Quality and Safeguards Commissioner on the NDIS Commission's systems and procedures for assessing, monitoring and reporting on achievement of the entity's performance. In particular, the committee could satisfy itself that NDIS Commission's:

- Portfolio Budget Statements and corporate plan contain appropriate details of how NDIS Commission'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 and in accordance with the Commonwealth performance framework. This may include reviewing, over time, particular elements of the performance measures;
- systems and processes are appropriate 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 NDIS Quality and Safeguards Commissioner on their appropriateness to the NDIS Commission.

The ARC will provide a statement to the NDIS Quality and Safeguards Commissioner on whether, in their view, the annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management

The ARC will review and provide advice to the NDIS Quality and Safeguards Commissioner on the NDIS Commission's:

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- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the entity's risks, in keeping with the Commonwealth Risk Management Policy (for non-corporate entities);
 - approach to managing the NDIS Commission's key risks—including those associated with individual projects and program implementation and activities;
 - process for developing and implementing the NDIS Commission's fraud and corruption control arrangements consistent with the fraud and corruption control framework, and satisfy itself that the entity has adequate processes for detecting, capturing and effectively responding to fraud and corruption risks;
 - articulation of key roles and responsibilities relating to risk management and adherence to them by NDIS Commission officials.

The ARC will provide an annual statement to the NDIS Quality and Safeguards Commissioner whether in their view, the system of risk oversight and management as a whole is appropriate (with reference to the Commonwealth Risk Management Policy for non-corporate entities) and any specific areas of concern or suggestions for improvement.

System of internal control

The ARC will review and provide advice to the NDIS Quality and Safeguards Commissioner on the NDIS Commission's:

- internal control framework, in particular:
 - 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,
 - reviewing whether management has in operation relevant policies and procedures—such as NDIS Quality and Safeguards Commissioner instructions, delegations, a business continuity management plan, or bullying and harassment policies.
- legislative and policy compliance, in particular:
 - reviewing the effectiveness of systems for monitoring the entity's compliance with laws, regulations and associated government policies with which the entity must comply,
 - determining whether management has adequately considered legal and compliance risks as part of the entity's enterprise risk management framework, fraud and corruption control framework and planning.
- security compliance, in particular:
 - reviewing management's approach to maintaining an effective internal security system (including complying with *the Protective Security Policy Framework* and new or emerging legislative requirements).
- internal audit coverage, in particular:
 - reviewing the proposed internal audit coverage within the Internal Audit and Assurance Plan (IAAP), ensuring that the coverage takes into account NDIS Commission's enterprise risks, and recommending approval of the IAAP by the NDIS Quality and Safeguards Commissioner

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- reviewing all internal audit reports, providing advice to the accountable authority on major concerns identified in those reports, and recommending action on significant matters raised—including identification and dissemination of information on good practice
 - monitor management’s implementation of internal and external audit recommendations
 - advise the NDIS Quality and Safeguards Commissioner on the adequacy of internal audit resources to carry out its responsibilities, including delivery of the internal audit plan.

The ARC will provide an annual statement to the NDIS Quality and Safeguards Commissioner indicating whether the system of internal control is appropriate for the NDIS Commission, with reference to any specific areas of concern or suggestions for improvement.

Other Functions

The NDIS Quality and Safeguards Commissioner may request that the ARC fulfil other functions that are additional to those prescribed by the rules. These include the:

- appropriateness of business continuity management, including whether business continuity and disaster recovery plans have been periodically updated and tested.
- steps taken to embed a culture that promotes the use and management of public resources and commitment to ethical and lawful conduct.
- appropriateness of mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the entity and implementing, where appropriate, any resultant recommendations.
- compliance with the entity’s specific legislative requirements.

Composition

The Committee is comprised of an independent Chair and a minimum of two additional independent members external to the NDIS Commission.

The Chair and members are appointed by the NDIS Quality and Safeguards Commissioner.

The NDIS Quality and Safeguards Commissioner may attend Committee meetings as an observer and to contribute insights to assist Committee deliberations.

The Chief Financial Officer, Chief Information Officer, General Counsel, Chief Risk Officer, Chief Internal Auditor, other management representatives, and a representative from the ANAO may attend as observers or advisers, as determined by the Chair, but will not be members of the Committee.

The Committee is a skill-based governance committee. Members 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 NDIS Commission and its industry. Members of the Committee should have senior management skills and experience in a relevant environment and awareness of the NDIS Commission’s operating context.

As the responsibilities of the Committee evolve in response to regulatory, economic and reporting developments, member competencies and the overall balance of skills on the Committee will be periodically evaluated to respond to emerging needs.

Terms of Appointment

Committee appointments will be made by the NDIS Quality and Safeguards Commissioner.

The Chair will be appointed for an initial term of three years.

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

The Chair and members will be eligible for reappointment by the NDIS Quality and Safeguards Commissioner for successive terms of two years, subject to satisfactory performance. Maximum total period of service terms for the Chair and members will ordinarily be set at five years, unless otherwise determined by the NDIS Quality and Safeguards Commissioner.

The NDIS Quality and Safeguards Commissioner may appoint one member to be deputy chair of the Committee.

Engagement with stakeholders

The ARC will engage with the Australian National Audit Office (ANAO). In particular, the ARC will:

- meet privately with the ANAO at least once each year
- 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 NDIS Quality and Safeguards Commissioner on action taken on significant issues raised in relevant ANAO reports

All communication with management and staff, as well as with any advisers, will be direct, open and complete. The Chair will be the Committee link to the NDIS Quality and Safeguards Commissioner.

It is important for the Committee Chair and members to develop, establish and maintain an effective working relationship with the NDIS Quality and Safeguards Commissioner and executive management.

Any concerns or differences should be resolved by way of open negotiation, with the final arbiter being the NDIS Quality and Safeguards Commissioner.

Authority

The NDIS Quality and Safeguards Commissioner authorises the Committee, in performing its functions, to:

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- Unrestricted access to management, employees and relevant information it considers necessary to effectively discharge its duties.
 - Unrestricted access to records, data and reports, subject to any legal information protection or privacy requirements.
 - Authority to discuss any matters with the external auditor or other external parties, subject to confidentiality considerations.
 - The right to request attendance of management at Committee meetings.
 - The right to obtain external legal or other professional advice, subject to prior approval of the NDIS Quality and Safeguards Commissioner.

The Committee may engage independent advisers to assist with its duties if agreed by the NDIS Quality and Safeguards Commissioner.

Administrative arrangements

Annual work plan

A forward work plan, including meeting dates and agenda items, will be agreed by the Committee at the end of each year and reviewed periodically to ensure it remains fit for purpose throughout the year.

Induction

New Committee members will receive information and briefings on the work of the Committee to assist them meet their responsibilities. Inductions for new Committee members will be arranged by the secretariat.

Secretariat

The Assistant Director, Audit within the Audit, Fraud and Risk team, provides secretariat services for the Committee.

E-mail: internalaudit@ndiscommission.gov.au

Meetings

The Committee will meet at least four times each financial year. The ARC Chair is required to call a meeting if requested by the NDIS Quality and Safeguards Commissioner. In addition to the four meetings, a special meeting is held to review the financial statements and the annual performance statements.

Meetings may be held in person, by teleconference or by video conference.

The quorum for the Committee will be a majority of ARC members, one of whom must be the Chair or the Deputy Chair of the ARC, as nominated by the NDIS Quality and Safeguards Commissioner.

The Chair will meet with the NDIS Quality and Safeguards Commissioner at least twice a year to discuss key issues and may also provide written advice on relevant issues after each meeting. The Commissioner may attend ARC meetings as an observer or to provide an update on emerging risks.

The ARC or any individual ARC member may at any time, report to the NDIS Quality and Safeguards Commissioner any matters it deems of sufficient importance to do so.

The Committee will provide the NDIS Quality and Safeguards Commissioner with an annual report at the conclusion of each financial year on its operations, activities, outcomes and achievements, together with focus areas for the coming financial year. The report will be based around the four key functional statements of advice prepared annually for the NDIS Quality and Safeguards Commissioner.

In-camera sessions

The Committee will meet privately at least twice each financial year on their own or with the Chief Internal Auditor and Chief Risk Officer. The Committee will also meet privately on an annual basis with the external auditor.

Conflicts of interest

It is the responsibility of all Committee members to disclose any actual, potential or perceived conflict of interest to the Chair who will decide whether a Committee member be excused from Committee deliberations for a particular matter.

At the beginning of each meeting, all ARC members and attendees are required to declare any conflicts of interest which may apply to specific matters on the meeting agenda. Declarations will be captured in meeting minutes by the Committee Secretariat to enable the Committee Chair and members to demonstrate transparency.

On an annual basis, all ARC members will provide written declarations to the NDIS Quality and Safeguards Commissioner on 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. The ARC Chair, in consultation with the NDIS Quality and Safeguards Commissioner, should be satisfied that there are sufficient processes in place to manage any real or perceived conflicts.

Reviewing and assessing committee performance

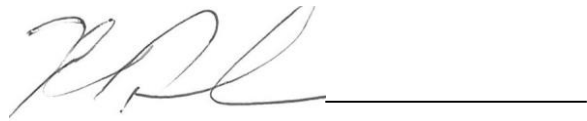
The Committee will assess its own performance at least once every two years and report the findings to the NDIS Quality and Safeguards Commissioner. The assessment might include input from the NDIS Quality and Safeguards Commissioner, Committee members, senior management, internal audit, ANAO, and other relevant stakeholders as determined by the NDIS Quality and Safeguards Commissioner.

Review of Charter

The Committee will review this charter at least once a year and recommend changes to the NDIS Quality and Safeguards Commissioner for approval.

Approval of the Charter

Approved:

A handwritten signature in black ink, appearing to read 'M. Phelan', is written over a solid black horizontal line.

Michael Phelan, Acting NDIS Quality and Safeguards Commissioner

4 September 2024