



Cancer Australia Audit Committee Charter 2019

The Chief Executive has established the Audit Committee 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.

Role

The committee's role is to provide independent advice to the Accountable Authority on Cancer Australia'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. The committee will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating advice to the Chief Executive Officer.

Members of the committee are expected to understand and observe the legal requirements of the PGPA Act and rules. Members are expected to:

- Act in the best interests of the entity as a whole;
- Apply good analytical skills, objectivity and good judgment;
- Express opinions constructively and openly, raise issues that relate to the committee's responsibilities and pursue independent lines of enquiry; and
- Contribute the time required to meet their responsibilities.

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 Chief Executive Officer.

The committee will be assisted by Cancer Australia's internal audit function that will be responsible for delivering an internal audit program in line with the Audit Committee's guidance and subject to approval by the Chief Executive Officer. The committee will exercise a governance role in relation to the entity's internal audit function.

Authority

The Chief Executive authorises the committee, within the scope of its role and responsibilities, to:

- obtain any information it needs from any employee and/or external party (subject to any legal obligation to protect information);
- discuss any matters with the ANAO or their representative, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee, including the Chief Executive, at committee meetings; and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities, at

Cancer Australia's expense, subject to approval by the Chief Executive Officer or delegate.

Composition and tenure

Core Committee members

The committee will consist of at least three members appointed by the Chief Executive:

- Independent Chair
- Independent Member
- Internal senior member of staff

The Chief Executive will appoint the Chair of the committee.

Members will be appointed for an initial period not exceeding three years after which they will be eligible for extension or re-appointment, after a formal review of their performance.

The Chief Executive, Chief Finance Officer, internal audit or other management representatives may attend meetings as observers as determined by the Chair, but will not be members of the Committee.

Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of Cancer Australia. At least one member of the committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

Functions

- Financial Reporting
 - Review the financial statements and provide advice to the Chief Executive Officer (including recommending their signing by the Chief Executive Officer). In particular the committee will review:
 - Cancer Australia's compliance with accounting standards
 - The appropriateness of accounting policies and disclosures, including any significant changes to accounting policies
 - Areas of significant judgement and financial statement balances that require estimation
 - Significant or unusual transactions
 - Sign-off by Cancer Australia management in relation to the quality of the financial statements, internal controls and compliance
 - The auditor's judgement about the adequacy of Cancer Australia's accounting policies and the quality of Cancer Australia's processes for the preparation of the Cancer Australia financial statements, through discussions with the ANAO; and
 - Whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures.

- Act as a forum of communication between Cancer Australia management and ANAO
- Review the processes in place designed to ensure that financial information included in Cancer Australia's annual report is consistent with the signed financial statements.

- **Performance reporting**

- Review Cancer Australia's systems and procedures for assessing and reporting the achievement of Cancer Australia's performance. In particular, the committee will satisfy itself that:
 - The Cancer Australia Portfolio Budget Statements and corporate plan include details of how the entity's performance will be measured and assessed;
 - Cancer Australia's approach to measuring its performance through the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is sound, and has taken into account guidance issued by the Department of Finance
 - Cancer Australia has sound processes in place for the preparation of its annual Performance Statement and the inclusion of the Statement in its annual report; and
 - Cancer Australia's proposed Performance Statement is not inconsistent with its financial information, including its financial statements, that it proposes to include in its annual report.
- Provide a statement of the audit committee's view in relation to the appropriateness of the Cancer Australia's annual performance statements, and the performance reporting as a whole, comply with the PGPA Act and Rule, with reference to any specific areas of concern or suggestions for improvement.

- **Systems of Risk Oversight and Management**

- review whether management has in place a current and comprehensive enterprise risk management framework, and associated procedures for effective identification and management of Cancer Australia's financial and business risks, including fraud;
- satisfy itself that a sound and effective approach has been followed in managing Cancer Australia's highest risks including those associated with individual projects, program implementation and activities;
- review the process of developing and implementing Cancer Australia's fraud control arrangements and satisfy itself that Cancer Australia has appropriate processes and systems in place to detect, capture and effectively respond to fraud risks;
- review reports 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 Cancer Australia, and
- satisfy itself that an assurance framework is in place and updated as required.

System of Internal control

- review management's approach to maintaining an effective internal control framework; this framework should include controls in relation to functions performed by external parties such as contractors and advisers;
- review whether management has in place relevant policies and procedures, including Accountable Authority Instructions or their equivalent, and that these are periodically reviewed and updated;
- determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with;
- satisfy itself that appropriate processes are in place to assess whether key policies and procedures are complied with;
- satisfy itself that management periodically assesses the adequacy of Cancer Australia's information security arrangements, including complying with entity reporting obligations.

Legislative and policy compliance

- determine whether management has appropriately considered legal and compliance risks as part of Cancer Australia's risk management plan and
- review the effectiveness of the system for monitoring Cancer Australia's compliance with relevant laws, regulations and associated government policies.
- review, where relevant Cancer Australia's compliance with International Conventions, particularly the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; and
- provide advice to the Chief Executive regarding the issue of Cancer Australia's annual Compliance Report.

Internal audit coverage

- review the internal audit coverage and annual work plan, ensure the coverage takes into account key risks, and recommend approval of the plan by the Chief Executive;
- review all audit reports and provide advice to the Chief Executive on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
- Obtain an annual report from the head of internal audit, or the outsourced internal audit service provider on the overall state of Cancer Australia's internal controls.

Business Continuity Management

- Satisfy itself that a sound approach has been followed in establishing Cancer Australia's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been updated and tested.

Delegations

- Review whether appropriate policies and associated procedures are in place for the management and exercise of delegations and authorisations.

Ethical and Lawful Conduct

- 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.

Other functions

Administration of the internal audit function

Advise the Chief Executive Officer on the adequacy of internal audit resources, or budget, to carry out its responsibilities, including completion of the approved Internal Audit Work Plan.

Co-ordinate, to the extent possible, the work programs of internal audit and other assurance or review functions.

Monitor management's implementation of internal audit recommendations.

Periodically review the Internal Audit Charter to ensure appropriate authority, access and reporting arrangements are in place.

Obtain an annual report from the internal audit service provider on the overall state of Cancer Australia's internal controls.

Provide advice to the Chief Executive Officer on the appointment of the internal audit service provider where the internal audit function is outsourced.

Periodically meet privately with the internal audit provider.

Periodically review the performance of internal audit

Parliamentary committee reports and external reviews

Satisfy itself that Cancer Australia has appropriate mechanisms in place to review and implement, where appropriate, relevant parliamentary committee reports and external reviews, and recommendations arising from these reports and reviews.

Governance arrangements.

Periodically review Cancer Australia's governance arrangements or elements of the arrangements as determined by the Chief Executive Officer and suggest improvements, where appropriate..

Engagement with ANAO

In undertaking its role, the committee will engage with the ANAO, as the entity'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 Chief Executive Officer on action to be taken on significant issues raised in relevant ANAO reports or better practice guides

meet privately with the ANAO at least once per year

Reporting

The committee will regularly, but at least once a year, report to the Chief Executive on its operation and activities during the year and confirm to the Chief Executive Officer that all functions outlined in this charter have been satisfactorily addressed.

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

Administrative arrangements

Meetings

The committee will meet at least four times per year. A special meeting may be held to review Cancer Australia's annual financial statements and performance statements or to meet other specific responsibilities of the committee.

The Chair is required to call a meeting if requested to do so by the Chief Executive, and decide if a meeting is required by another member, internal audit or the ANAO.

The committee will develop a forward meeting schedule, including meeting dates and agenda items, will be agreed by the committee each year. The forward meeting plan will cover all of the Audit Committee's responsibilities as detailed in this charter.

Attendance at meetings and quorums

A quorum will consist of a majority of committee members. Where there is more than one independent member on the committee, a quorum will include at least one independent member. The quorum must be in place at all times during the meeting.

Secretariat

The Chief Executive 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 one week before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated in a timely manner to each member and committee advisers and observers, as appropriate.

Conflicts of interest

Once a year Audit Committee members will provide written declarations, through the Chair, to the Chief Executive declaring any material personal interests they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Chief Executive Officer, in consultation with the Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

Audit Committee members must declare any material personal interests at the beginning of each meeting that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will 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 Chief Executive Officer where appropriate, if he/she should excuse themselves from the meeting or from the committee's consideration of the relevant agenda item(s). Details of any material interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Induction

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

Assessment arrangements

The Chair of the Audit Committee, in consultation with the Chief Executive, will initiate 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 Chief Executive) with appropriate input sought from the Chief Executive, the internal and external auditors, management and any other relevant stakeholders, as determined by the Chief Executive.

The Chair will provide advice to the Chief Executive on an external member's performance where an extension of the member's tenure is being considered.

Review of charter

At least once a year the committee will review this charter. This review will include consultation with the Chief Executive.

Any substantive changes to the charter will be recommended by the committee and formally approved by the Chief Executive.

Approved

Prof Dorothy Keefe PSM

Chief Executive Officer/Accountable Authority

Date September 2019