



## Audit & Risk Committee

### Charter

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#### Committee of the Board of the Australian Broadcasting Corporation

Approved by Board: 22 February 2022

### 1. Introduction

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The Audit & Risk Committee (Committee) has been established by the Board in accordance with Section 45 of the *Public Governance, Performance and Accountability Act 2013 (Cth)* and Section 17 of the *Public Governance, Performance and Accountability Rule 2014 (Cth)*.

### 2. Purpose

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The purpose of the Committee is to:

- 1) Assist the Board by reviewing and providing recommendations regarding the appropriateness of the Corporation's:
  - a) Financial reporting;
  - b) Financial performance;
  - c) Performance reporting;
  - d) Risk management / System of oversight and management;
  - e) System of internal control;
  - f) Compliance framework and action in relation to significant non-compliance;
  - g) External audit;
  - h) Internal audit.
- 2) Provide a forum for communication between the Board, management and both the internal and external auditors.
- 3) Provide a conduit to the Board for external advice on audit, risk management and compliance matters.

### 3. Responsibilities

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The Committee has no executive powers, unless specifically delegated to it by the Board. Delegations as at the date of this Charter are set out below.

The responsibilities of the Committee are as follows:



### *Financial Reporting*

Reviewing, with management and the External Auditor, the annual financial statements, prior to their recommendation to the Board regarding:

- a) The consistency in the application of accounting policies and the adherence to accounting standards and policies and other reporting requirements.
- b) The need for, appropriateness of, and correct disclosure of, any changes made to the Corporation's existing accounting policies.
- c) The accounting treatment for, and disclosure of, complex and / or unusual transactions.
- d) Significant judgements made by management in preparing the financial statements.

### *Financial Performance*

- a) Reviewing and making recommendations to the Board regarding the Corporation's annual budget allocation and long range financial plans, including the Portfolio Budget Statements.
- b) Monitoring the financial performance of the organisation against approved budgets.
- c) Reviewing the adequacy of policies that maintain and improve the financial health and integrity of the organisation including the proper use of Commonwealth resources.
- d) Reviewing and making recommendations to the Board regarding the financial aspects of contracts, transactions and initiatives that require Board approval.

### *Performance Reporting*

Assisting the Board in measuring and assessing the performance of the Corporation in achieving its purposes, by reviewing and making recommendations to the Board regarding the Corporation's annual performance statement (including its consistency with the corporate plan and portfolio budget statements).

### *Risk Management / System of Oversight and Management*

- a) Overseeing management's design and implementation of the Corporation's risk management framework, and reviewing that framework at least annually to satisfy itself that it continues to be sound.
- b) Assisting the Board in recommending appropriate levels of Board risk appetite for inclusion Corporation's risk management framework.
- c) Reviewing the Corporation's actual and emerging principal risk exposures and reviewing trends in the Corporation's profile of those risks.
- d) Reviewing and monitoring the adequacy and effectiveness of management's reporting and risk management responses and overseeing steps taken by management to embed a risk culture that is aligned with effective risk management.



- e) Reviewing management's approach to developing and maintaining business continuity planning and disaster recovery arrangements.
- f) Reviewing insurance and other risk transfer arrangements and considering whether appropriate coverage is in place.
- g) Overseeing the process for the management of whistleblower disclosures and considering reports on any disclosures that are referred to the Committee.
- h) Reviewing reports on fraud risk assessments that outline any significant or systemic issues.

### *System of Internal Control*

- a) Overseeing management's design and implementation of the Corporation's internal control systems and processes, and the process for assessing the effectiveness of the Corporation's internal controls.
- b) Periodically assessing the overall adequacy and effectiveness of the Corporation's internal control systems and processes and assurance activities.
- c) Monitoring whether any significant internal control issues identified by Internal Audit or management are addressed by management on a timely basis.
- d) The implementation of the Corporation's fraud control plan for preventing, detecting, investigating and reporting fraud or suspected fraud.
- e) Reviewing management's approach to maintaining the security of the Corporation's people, information and assets.

### *Compliance*

- a) Reviewing:
  - a. the effectiveness of management's framework for monitoring compliance with applicable laws and regulations;
  - b. the results of management's investigation and action in relation to significant identified acts of non-compliance; and
  - c. updates from management regarding compliance matters that may have a material impact on the Corporation's reputation and/or financial statements.
- b) Reviewing the effectiveness of management's framework for reviewing findings and recommendations of relevant parliamentary committee reports and external reviews by key regulatory agencies.

### *External Audit*

- a) Reviewing the External Auditor's proposed annual audit scope and approach.



- b) Reviewing reports of the External Auditor and assessing the findings and recommendations contained in those reports and seeking confirmation that management has responded appropriately to significant findings and recommendations from the external auditor.
- c) Reviewing and assessing the performance, independence and objectivity of the External Auditor.
- d) Periodically meeting separately with the External Auditor to discuss any matters that the Committee or Auditors believe should be discussed privately.
- e) Reviewing the External Auditor's arrangements for the rotation and succession of audit and review partners or their equivalents, including their approach to managing the transition.
- f) Monitoring management's adherence to the policy on audit and non-audit services provided by the External Auditor and advising the Board on whether the provision of non-audit services is compatible with the general standard of independence.

#### *Internal Audit*

- a) Advising the Board on the appointment, remuneration and, should it be necessary, the termination of the employment of the Head Group Audit.
- b) Provide the primary functional employment reporting line for the Head Group Audit. The Head Group Audit reports directly to the Committee and not through management to maintain independence and objectivity of the role.
- c) Periodically meeting separately with the Head Group Audit to discuss any matters that the Head Group Audit or the Committee believe should be discussed privately.
- d) Reviewing and approving:
  - a. the Group Audit Plan, its coverage of key risks, alignment with strategy and core assurance areas and the level of coordination with the external auditor;
  - b. Group Audit's resource plan and budget; and
  - c. the Group Audit Terms of Reference.
- e) Monitoring and reviewing Group Audit's performance and progress against the annual Group Audit Plan including:
  - a. the independence of Group Audit; and
  - b. the results of any significant internal audits undertaken and the issues raised by them.



## 4. Administration

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### *Membership*

The Committee must have at least three members, the majority of whom must be non-executives. Committee members must have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions. At least one member of the Committee should be an expert with accounting or related financial management experience, with an understanding of accounting and auditing standards. The Committee may include an external member as needed.

The following persons must not be members of the Committee but may attend Committee meetings as an observer:

- Chair of the Board;
- Managing Director;
- Chief Financial Officer.

### *Term*

- a) Subject to paragraph (c), Committee members will be appointed by the Board for an initial period not exceeding five years. At the expiry of the initial term, it is at the discretion of the Board that the Committee member be reappointed for another term not exceeding five years. No Committee member can be a member of the Committee for greater than ten years. The maximum term of ten years applies to existing Committee members appointed under previous Committee Charters.
- b) The re-appointment of Committee members may incorporate a formal review of their performance. The Chair of the Committee will provide advice to the Board on a member's performance where an extension of the member's tenure is being considered.
- c) The Committee Chair will periodically, or at the request of the Board, assess and make recommendations to the Board regarding the Committee's membership to ensure that there is an appropriate mix of qualifications, knowledge, skills and experience. Due consideration will be given to rotating Committee members to ensure ongoing independence having regard to:
  - a. the Committee composition which will best serve the interests of the Corporation;
  - b. the need to ensure that the Committee does not lose the continuity of experience and knowledge gained by existing Committee members;
  - c. the period of service of a Director as a member of the Committee; and
  - d. the skill profile of the Board from which Committee members are drawn.

### *Chair*

The Chair will be appointed by the Board and must be a non-executive director of the Board.



The Chair is responsible for overseeing the effective functioning of the Committee and effective and transparent communications between the Committee, management and the Board.

### *Secretary*

The Company Secretary (or delegate) will be the secretary of the Committee.

### *Review*

- a) Reviewing the Committee Charter biennially, and recommending any proposed changes to the Board for approval.
- b) Conducting a biennial review of the extent to which the Committee has performed its obligations under the Charter.
- c) Providing any information the Board may request to facilitate review of the Committee's performance and its members.

## **5. Meetings**

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### *Frequency*

The Committee will meet at least quarterly. If required, additional meetings may be held to review the Corporation's annual financial statements.

### *Attendance*

Directors who are not members of the Committee may attend Committee meetings, as observers.

The following persons have a standing invitation to attend Committee meetings but may be asked to leave for any item:

- Managing Director
- Chief Financial Officer
- General Counsel
- Head of Risk
- Head of Group Audit
- External Auditor

### *Quorum*

A quorum will be two ABC non-executive directors.

Members of the Committee may participate in meetings by telephone or video. Any such participation is counted as attendance for the purposes of establishing a quorum.



All decisions of the Committee will be decided by a majority vote of members present.

### *Conflicts of interest*

Members of the Committee must comply with the ABC Corporate Governance Statement in respect of conflict of interest matters. Committee members must declare any conflicts of interest at the commencement of each meeting or before discussion of the relevant agenda item or topic.

Details of any conflicts of interest must be minuted.

## **6. Access**

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The Committee shall have free and unfettered access to all information, personnel and other parties as required to carry out its duties and may request the attendance of any employee at Committee meetings.

The Head of Risk and the Head of Group Audit shall have free and unfettered access to the Board and Committee members.

The Committee may seek independent legal or other professional advice, as reasonably required to meet its responsibilities, at the Corporation's expense, subject to the approval of the Chair of the Board.

## **7. Reporting**

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The Chair of the Committee must report to the Board on the work performed by the Committee following each meeting.

## **8. Definitions**

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In this document:

"Board" means the board of directors of the Corporation.

"Corporation" means the Australian Broadcasting Corporation, as established pursuant to the *Australian Broadcasting Corporation Act 1983* (Cth).

"Key Management Personnel" has the meaning given to it in the PGPA Rule.

"PGPA Rule" means the Public Governance, Performance and Accountability Rule (Cth) 2014.