



TERMS OF REFERENCE | CHARTER

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| Name | Audit and Risk Committee |
| Status | Council, as the National Gallery's Accountable Authority, has established this Committee in compliance with section 45 of the <i>Public Governance, Performance and Accountability Act 2013 Cth</i> (PGPA Act), and section 17 of the <i>Public Governance, Performance and Accountability Rule 2014 Cth</i> (PGPA Rule) |
| Functions of the Committee | <p>In compliance with section 17(1) and 17(2) of the PGPA Rule, Council has determined that the functions of this Committee include:</p> <p><u>Financial Reporting</u></p> <p>The Committee will review and provide advice on the appropriateness of:</p> <ul style="list-style-type: none">• Annual audited financial statements• Other information requested by the Department of Finance in preparing the Australian Government's consolidated financial statements• Processes and systems for preparing financial reporting information. <p>The Committee will provide a statement to Council including:</p> <ul style="list-style-type: none">• Whether the annual financial statements, in the Committee's view, comply with the PGPA Act, PGPA Rule, Accounting Standards and supporting guidance• In respect of the appropriateness of the National Gallery's financial reporting as a whole, any specific areas of concern or suggestions for improvement. <p><u>Performance Reporting</u></p> <p>The Committee will review and provide advice on the appropriateness of systems and procedures for assessing, monitoring and reporting on achievement of the National Gallery's performance, including the extent to which it is satisfied that:</p> <ul style="list-style-type: none">• The Portfolio Budget Statement (PBS) and corporate plan contain appropriate details of how performance will be measured and assessed• The approach to measuring its performance throughout the financial year against performance measures in the PBS and corporate plan is appropriate and aligned with the Commonwealth performance framework• The systems and processes for preparation of the annual performance statement are appropriate. <p>The Committee will provide a statement to Council indicating whether, in the Committee's view, the performance statements and performance reporting as a whole is appropriate, including any specific areas of concern or suggestions for improvement.</p> |

System of risk oversight and management

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

- The National Gallery's Risk Management Policy and Framework, and the necessary internal controls for the effective identification and management of risk, ensuring alignment with the Commonwealth Risk Management Policy
- The approach to managing risk, including those associated with operational matters, projects, exhibitions and other activities
- Processes for developing and implementing the National Gallery's fraud control arrangements, including the adequacy of processes for detecting, capturing, and effectively responding for fraud risks
- The articulation of key roles and responsibilities relating to risk management, and adherence to these by National Gallery Officials.

The Committee will provide a statement to Council indicating whether, in the Committee's view, the system of risk oversight and management as a whole is appropriate with reference to the Commonwealth Risk Management Policy, including any specific areas of concern or suggestions for improvement.

System of internal control

The Committee will review and provide advice on the appropriateness of the National Gallery's:

- Overall control environment, as reflected in its governance, risk management and compliance arrangements
- Legislative and policy compliance
- Security compliance, including Cyber Security
- Business continuity and disaster recovery
- Internal audit coverage and resourcing
- Implementation of agreed recommendations from internal audit, Australian National Audit Office audits, and parliamentary committee reports.

The Committee will provide a statement to Council whether, in the Committee's view, the system of internal control is appropriate for the National Gallery, including any specific areas of concern or suggestions for improvement.

Other

Other activities of the Committee include:

- Review of the proposed annual budget, including assessing alignment to strategic and corporate plans, and the appropriateness of underlying assumptions
- Meeting with external auditors to review results and considering issues the auditors wish to raise
- Advising Council of any known, significant compliance breaches.

Council may determine additional functions to be undertaken by the Committee at any time.

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| Membership | <p>The Committee will consist of at least three non-executive Council members and/or external members, as appointed by Council.</p> <p>Consistent with section 17(3) of the PGPA Rule, Council will ensure members have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions.</p> <p>Committee members will be appointed for an initial period determined by Council. Members may be re-appointed for further periods, having regard to the length of their original appointment and performance.</p> <p>In accordance with section 17(4AA) of the PGPA Rule, all members must be persons who are not employees of the entity.</p> <p>In accordance with section 17(5) of the PGPA Rule, the following individuals are not eligible for membership:</p> <ul style="list-style-type: none"> • Council Chair • Chief Finance Officer • Director. <p>All Council members are permitted to attend with observer status.</p> <p>One of the Committee members is to be appointed by the Council as Committee Chair. Should the Chair be absent from a meeting, the Committee members present shall appoint a Chair for that particular meeting.</p> <p>Members may be requested to agree to terms of appointment, including signing deeds in favour of the National Gallery (for example Non-Disclosure Deeds).</p> <p>The National Gallery will arrange for an induction for any new members to assist them to meet their responsibilities.</p> |
| Remuneration | <p>Committee members who are also members of Council are not entitled to any additional remuneration for their role as Committee members.</p> <p>Remuneration for external Committee members will be determined by the Committee Chair in consultation with the Council Chair.</p> |
| Conduct | <p>The Committee will engage with National Gallery management in a constructive and professional manner in discharging its responsibilities and formulating its advice to Council.</p> <p>Committee members are expected to understand and observe all legal and policy requirements, including those of the PGPA Act and PGPA Rule. Committee members are also expected to</p> <ul style="list-style-type: none"> • Act in the best interests of the National Gallery • Apply good analytical skills, objectivity and judgement • Express opinions constructively and openly, raise issues that relate to the Committee's responsibilities, and pursue independent lines of enquiry • Contribute the time required to meet their responsibilities. <p>Committee members must, at least once per year, provide written declarations to the Chair declaring any potential or actual conflicts of interest they may have in relation to their responsibilities.</p> <p>The Chair must ensure that at each meeting, Committee members and other individuals present declare any potential or actual conflicts of interest at the start of each meeting or before discussions concerning the relevant agenda item or topic.</p> |

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| | Details of any conflicts of interest should be appropriately recorded in the meeting minutes. |
| Meetings | <p>The Committee will meet at least three times per year, and more often if required as determined by either the Committee or Council Chair.</p> <p>Meetings may be conducted in person or by electronic means.</p> <p>A quorum consists of two members.</p> |
| Subcommittees | The Chair, in consultation with the Council Chair, may determine to establish a sub-committee of the Committee to assist in fulfilling its responsibilities. |
| Additional and Out of Session Approvals | Written communications and requests for approvals on actions may occur outside of the meeting, where it is deemed necessary by the Chair. |
| Forward Work Plan / Calendar | The Committee will develop an annual work plan / Calendar, detailing the activities to be undertaken in order to meet its responsibilities, to be used as the basis to drive and shape the agenda for its meetings. Additional or emerging issues may be added to agendas at any time with the approval of the Chair. |
| Reporting | The Chair will report on the deliberations and outcomes of the Committee to Council following each Committee meeting. |
| Access to and use of information | <p>Council authorises the Committee, in performing its functions, to:</p> <ul style="list-style-type: none"> • Seek any information it requires from a National Gallery Official or external party (subject to any legal obligation to protect such information) • Obtain legal or other professional advice (subject to the approval by the Council Chair or relevant Delegate) • Request the attendance of any Official at Committee meetings. <p>Committee members must not use or disclose information obtained by the Committee for purposes other than those required by them to exercise their responsibilities as Committee members, unless otherwise approved in writing by Council.</p> |
| Secretariat | The National Gallery's Governance team will provide secretariat services to the Committee. The Secretariat is responsible for arranging Committee meetings, preparing and coordinating meeting agendas, papers and meeting minutes, and appropriate record keeping of Committee documentation. |
| Evaluation | The Committee Chair, in consultation with Council, will determine arrangements of the review of the performance of the Committee at least every two years. The outcomes of any such review will be reported to Council. |
| Review of Terms of Reference | The Committee will review the appropriateness of these Terms of Reference / Charter at least annually, in consultation with Council. The outcomes of the review will be reported to Council, who hold the authority to approve these Terms of Reference / Charter. |

APPROVED BY COUNCIL