



# Infrastructure and Project Financing Agency (IPFA)

## IPFA AUDIT COMMITTEE CHARTER

February 2021



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### 1 Introduction

- 1.1 The Chief Executive Officer (CEO) of the Infrastructure and Project Financing Agency (IPFA) has established the IPFA Audit Committee (the Committee) in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 *Audit Committees for Commonwealth Entities*.
- 1.2 This charter sets out the Committee's role, authority, responsibilities, composition and tenure, reporting, and administrative arrangements.

### 2 Role and Deliverables

- 2.1 The role of the Committee is to provide independent advice and assistance to the IPFA's CEO on the appropriateness of IPFA's financial and performance reporting responsibilities, risk oversight and management, and systems of internal control.
- 2.2 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 its advice to the CEO.
- 2.3 The Committee will be assisted by IPFA's Chief Corporate Officer, who is also responsible for delivering an internal audit program in line with the Committee's guidance and subject to the approval of the CEO.

### 3 Authority

- 3.1 The CEO authorises the Committee, within its responsibilities, to:
  - o obtain any information it requires from any IPFA staff member, IPFA contractor or external party (subject to any legal obligation to protect information)
  - o discuss any matters with the IPFA's external auditor, or other external parties (subject to confidentiality considerations)
  - o request the attendance of any IPFA staff member or contractor, including the CEO, at Committee meetings
  - o obtain legal or other professional advice, as considered necessary to meet its responsibilities, at IPFA's expense, subject to approval by the CEO, or delegate.

### 4 Membership

- 4.1 The Committee comprises three or more members appointed by the CEO. A majority of the members of the committee will be independent of IPFA.
- 4.2 The CEO will appoint the Chair of the Committee.



- 4.3 The Committee is authorised to appoint a member to be Deputy Chair who will act as chair in the absence of the Chair.
- 4.4 IPFA's CEO, Chief Corporate Officer, and other IPFA staff or contractors as appropriate (including internal audit staff), may attend meetings as advisors and/or observers, as determined by the Chair, but will not be members of the Committee.
- 4.5 Representative(s) from the Australian National Audit Office (ANAO) will be invited to attend all meetings of the Committee, as an observer.
- 4.6 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of IPFA. At least one member of the Committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.
- 4.7 Members will be appointed for an initial period not exceeding three years. Members may be re-appointed after a formal review of their performance, for a further period not exceeding two years, unless otherwise agreed following discussions with the Chair.
- 4.8 The CEO may elect to stagger the rotation of members. If so, the Committee may have a temporary increase in the number of members until the transition process has been completed.

## **5 Responsibilities of Committee Members**

- 5.1 Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and Rules. Members are also expected to:
  - o act in the best interests of IPFA
  - o apply good analytical skills, objectivity and good judgement
  - o express opinions constructively and openly, raise issues that relate to the committee's responsibilities and pursue independent lines of enquiry, and
  - o contribute the time needed to review the papers provided and 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 CEO.

## **6 Functions**

- 6.1 Section 17(2) of the Public Governance, Performance and Accountability Rule 2014 (the Rule) establishes mandatory function for audit committees. The functions must include reviewing the appropriateness of IPFA's:
  - o financial reporting, including:



- review of IPFA's processes and systems for preparing financial reporting information
- review of processes in place to ensure IPFA stays informed throughout the year of any changes or additional requirements in relation to financial reporting
- review of IPFA's annual financial statements.
- o performance reporting, including:
  - review of IPFA's systems and procedures for assessing, monitoring and reporting on achievement of its performance, in particular that IPFA's PBS and corporate plan contain appropriate details of how IPFA's performance will be measured, that IPFA's approach to measuring its performance against the measures in the PBS and corporate plan is in accordance with the Commonwealth Performance Framework; and that IPFA has appropriate systems and processes for preparation of its annual performance statement for inclusion in its annual report
- o system of risk oversight and management, in relation to the appropriateness of IPFA's systems with reference to the Commonwealth Risk Management Policy, and identifying any specific areas of concern or suggestions for improvement
- o system of internal control, including:
  - IPFA's internal control framework, including IPFA's approach to maintaining this framework, whether IPFA has in operation relevant policies and procedures (including but not limited to AAls, delegations, and other policies)
  - IPFA's legislative and policy compliance including the effectiveness of IPFA's systems for monitoring its compliance with laws, regulations and associated government policies, and determining whether IPFA has adequately considered legal and compliance risks as part of its risk and fraud frameworks
  - IPFA's compliance with security requirements as per the Protective Security Policy Framework
  - IPFA's Internal Audit Coverage, including ensuring that it takes into account IPFA's primary risks, recommending an internal audit plan, and reviewing of internal audit reports.
  - IPFA's Implementation of agreed recommendations from internal audit, the Australian National Audit Office (relating to financial statements and performance audits), and parliamentary committees including the Joint Committee of Public Accounts and Audit.



Further information on the tasks required, and timings, for each function can be found in the Audit Committee Workplan.



## **7 Sub-committees**

- 7.1 Given the small size of IPFA, it is not anticipated that sub-committees will be required. Nonetheless, the Committee may establish one or more sub-committee/s to assist the full Committee in meeting its responsibilities.
- 7.2 The responsibilities, membership and reporting arrangements for each sub-committee shall be documented and approved by the full Committee. The Committee stipulates that:
- o a member of the full Committee is appointed as Chair of the sub-committee; the membership of sub-committees could extend beyond members of the full Committee if additional expertise on particular matters is required.
  - o minutes of all meetings of sub-committees are taken, distributed promptly to all members of the full Committee, and tabled for discussion at the next full Committee meeting.
  - o important issues that may require consideration by the full Committee are brought to the attention of the Chair immediately following a sub-committee meeting so that the Chair is in a position to decide what action to take.
- 7.3 Sub-committees should not assume any management functions nor should IPFA management exert inappropriate influence over the work of sub-committees.



## **8 Reporting**

- 8.1 The Committee will as often as necessary, and at least once a year, report to the CEO on its operation and activities during the year. The report should include:
- o a summary of the work the committee performed to discharge its responsibilities during the preceding year.
  - o a summary of IPFA's progress in addressing the findings and recommendations made in internal and external audit and parliamentary committee reports.
  - o an overall assessment of IPFA's risk, control and compliance framework, including details of any significant emerging risks or legislative changes affecting IPFA.
  - o details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.
  - o an overall assessment of progress on the four key items of review by the Audit Committee, being financial reporting, performance reporting, systems of risk oversight and management, and systems of internal control.



- o The Chair and the CEO may agree that such a report is not required, in the instance where the CEO, or a person delegated as the CEO, has attended all meetings of the Committee during the year.

8.2 The Committee may, at any time, report to the CEO 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 CEO.

## **9 Administrative Arrangements**

### *Meetings*

9.1 It is intended that the Committee will meet at least four times per year.

9.2 The Chair is required to call a meeting if asked to do so by the CEO, and decide if a meeting is required if requested by another Committee member.

### *Planning*

9.3 The Committee will develop a forward meeting schedule that includes the dates, location and proposed agenda for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this charter. This is contained in the Audit Committee Workplan.

### *Attendance at meetings and quorums*

9.4 A quorum will consist of a majority of Committee members.

### *Out of Session*

9.5 The committee may agree at a meeting that an item can be resolved out-of-session. Where this occurs, the item will be recorded in the "Action items" for the meeting, and the committee will be reminded of the subsequent resolution of the matter at its next formal meeting.

### *Secretariat*

9.6 IPFA's Chief Corporate Officer will 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, within an agreed timeframe prior to each meeting, and ensure the minutes of the meeting are prepared and maintained. Minutes must be reviewed by the Chair and circulated within two weeks of the meeting to each member and Committee observers, as appropriate.

### *Conflicts of interest*

9.7 Once each year, members of the Committee will provide written declarations to the Chair for provision to the CEO declaring any potential or actual conflicts of interest 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 Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.



- 9.8 At the beginning of each Committee meeting, members are required to declare any potential or actual conflicts of interest 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). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately minuted.

#### *Induction*

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

#### *Assessment arrangements*

- 9.10 The Chair, in consultation with the CEO, 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 CEO) with appropriate input sought from the CEO, Committee members, the Chief Corporate Officer, the external auditors, and any other relevant stakeholders, as determined by the CEO.
- 9.11 The Chair will provide advice to the Chief Executive Officer on an external member's performance where an extension of the member's tenure is being considered.

#### *Review of charter*

- 9.12 At least once a year the Committee will review this charter. This review will include consultation with the CEO.
- 9.13 Any substantive changes to the charter will be recommended by the Committee and formally approved by the CEO.

#### *Annual reporting requirements*

- 9.14 In accordance with the PGPA Rule (s.17AG(2A)) from the 2019-20 reporting period, IPFA will include in its annual report the following information related to their audit committee:
- a hyperlink to the charter determining the functions of the audit committee;
  - the name of each member of the audit committee during the reporting period;
  - the qualifications, knowledge, skills or experience of each member of the audit committee;
  - information about each member's attendance at meetings of the audit committee during the reporting period; and
  - the remuneration of each member of the audit committee.