

CREATIVE PARTNERSHIPS AUSTRALIA

AUDIT COMMITTEE CHARTER

The Creative Partnerships Australia Board has established an 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*.

Purpose:

The committee is a sub-committee of the Board of Creative Partnerships Australia established to assist Creative Partnerships Australia discharge its responsibilities under the *Public Governance, Performance and Accountability Act 2013* in respect of financial reporting, performance reporting, system of risk oversight and management, internal control and compliance with relevant laws and policies.

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 responsibilities and formulating its advice to the Board.

Authority

The Creative Partnerships Australia Board authorises the committee, within its responsibilities, to:

- Obtain any information it requires from any official or external party (subject to any legal obligation to protect information);
- Discuss any matters with the ANAO, or other external parties (subject to confidentiality considerations);
- Request the attendance of any official, including members of the Board, at committee meetings; and
- Obtain legal or other professional advice at the entity's expense, as considered necessary to meet its responsibilities.

Membership

The Audit Committee comprises 3 members, appointed by the Creative Partnerships Australia Board;

The Board will appoint a Chair of the committee who shall not be the Chair of Creative Partnerships Australia;

The committee is authorised to appoint a Deputy Chair who will act as Chair in the absence of the Chair;

The Chair of Creative Partnerships Australia or the Board of Creative Partnerships Australia and other Creative Partnerships Australia members may attend meetings, and when they elect to do so, will require copies of committee papers;

Creative Partnerships Australia Board or members of Creative Partnerships Australia, Chief Executive Officer, Executive Director, Finance Manager, or other management representatives may attend meetings as advisers or observers, as determined by the Chair, but will not be members of the committee;

A representative(s) of the ANAO will be invited to attend meetings of the committee, as an observer;

Membership of the committee will be reviewed periodically (but at least every three years) by the Board with an aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience;

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

Function

Financial Reporting

- Review the financial statements and provide advice to the Creative Partnerships Australia Board; (including recommending their signing by the Chair of the Board or the Board). In particular, the committee will:

- a) Assess Creative Partnerships Australia's compliance with accounting standards, including an assessment of the appropriateness of accounting policies and disclosures;
 - b) Assess areas of significant judgement and financial statement balances that require estimation;
 - c) Assess any significant changes to accounting policies and practices, (by May each year);
 - d) Review significant or unusual transactions, not covered by b) or c) above;
 - e) Assess whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures.
- Review the processes in place designed to ensure that financial information included in Creative Partnerships Australia's annual report is consistent with the signed financial statements;
 - Monitor the standard of financial information provided to the Board;
 - Discuss with the ANAO the auditor's judgements about the adequacy of Creative Partnerships Australia's accounting policies and the quality of Creative Partnerships Australia's processes for the preparation of Creative Partnerships Australia's financial statements.

Performance Reporting

- Consider any issues relating to Creative Partnerships Australia's performance that the committee considers warrant review, or are referred to the committee by the Board;
- Monitor the standard of non-financial performance information provided to the Board;
- Review the proposed reporting of Creative Partnerships Australia's performance to ensure that the information is consistent with Creative Partnerships Australia's reported financial information.

Systems of risk oversight and management

Assess whether management has in place a current and sound risk management framework and associated procedures for effective identification and management of Creative Partnerships Australia's business and financial risks, including fraud, and make

a recommendation to the Board regarding **approval of** the Risk Management framework including the Risk Register;

- Determine whether a sound and effective approach has been followed in managing Creative Partnerships Australia's major risks, including those associated with individual projects, program implementation and activities;
- Satisfy itself that management has assessed the impact of Creative Partnerships Australia's risk management framework on Creative Partnerships Australia's control environment;
- Monitor the adequacy of insurance cover for Creative Partnerships Australia;
- Monitor reports on fraud from Creative Partnerships Australia management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk in Creative Partnerships Australia.

System of internal control

Internal controls framework

- Assess whether management has in place comprehensive and relevant policies and procedures designed to maintain effective internal control framework, including over external parties such as contractors and advisors;
- Determine whether management has appropriate processes in place to assess, at least once a year, whether key policies and procedures are complied with;
- Assess the adequacy of Creative Partnerships Australia's information technology security arrangements.

Delegations

- Assess whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.

Business continuity management

- Determine whether a sound and effective approach has been followed in establishing Creative Partnerships Australia's business continuity planning arrangements, including whether business continuity and disaster recovery plans are periodically updated and tested.

Ethical and lawful behaviour

- Assess whether management has taken steps to embed a culture that promotes the proper use of Commonwealth resources and is committed to ethical and lawful behaviour.

Legislative and policy compliance

- Assess the effectiveness of the system for monitoring Creative Partnerships Australia's compliance with those laws, regulations and associated government policies that Creative Partnerships Australia must comply with;
- Determine whether management has appropriately considered legal and compliance risks as part of Creative Partnerships Australia's risk management plan;
- Provide advice to the Board regarding the issue of the entity's annual Certificate of Compliance, or equivalent report.

Other functions

Internal audit

The Committee will assess on an annual basis the requirement for an internal audit function and make a recommendation to the Board.

Engagement with the ANAO

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 Board 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.

Authority of the committee

All decisions of the committee shall be referred to the Board for approval.

Reporting

The committee will regularly update the Board on its activities and make recommendations to the Board, as appropriate;

The Chair of the Committee will report to the Board at the next Board meeting following a meeting of the committee on any matters that the committee considers should be brought to the attention of the Board;

The committee will at least once annually confirm to the Board that all functions/responsibilities outlined in the charter have been carried out, and comply with any other reporting requirements specified by the Board from time to time.

Administrative arrangements

Meetings

The committee will meet at least four times per year. One or more special meetings may be held to review Creative Partnerships Australia's annual financial statements or to meet other responsibilities of the committee;

All committee members are expected to attend each meeting, in person or via tele-or-video conference;

The Chair is required to call a meeting if asked to do so by the Board, and decide if a meeting is required if requested by another member, or the ANAO.

Planning

The committee will develop a forward schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this charter.

Quorum

A quorum will consist of a majority of committee members. The quorum must be in attendance at all times during the meeting.

Secretariat

Secretariat arrangements will be the same as for the Board. The secretariat will ensure the agenda for each meeting is approved by the Board; the agenda and supporting papers are circulated, at least one week before the 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

Once each year, members of the committee will provide written declarations, through the Chair, to the Board 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 Board, in consultations with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each committee meeting, members are required to declare any material personal interests 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 if he/she should excuse themselves from the meeting or from the committee's consideration of the relevant agenda item(s). Details of material personal 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 obligations.

Assessment arrangements

The Chair of the committee, will initiate a self-assessment of the performance of the committee at least once every two years. The review will involve input from the Board, each committee member, senior management, the ANAO, and any other relevant stakeholders, as determined by the committee.

Review of charter

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

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

Approved

[Signature]

[Chair, Creative Partnerships Australia]

Date