PURPOSE

1. The purpose of the Audit and Risk Management Committee is to assist the Commission and the CBGA Delegate in fulfilling their governance responsibilities, in particular by focusing on:
   1.1. risk mitigation strategies;
   1.2. monitoring external and internal audit functions; and,
   1.3. compliance and reporting obligations.

OBJECTIVES

2. The primary objectives of the Audit and Risk Management Committee are directed towards:
   2.1. improving the effectiveness and efficiency of CEC’s internal control framework;
   2.2. ensuring CEC has appropriate risk identification and management practices in place;
   2.3. improving the objectivity and reliability of significant financial reporting and accountability requirements;
   2.4. ensuring CEC has adequate procedures to ensure audit independence; and,
   2.5. obtain representations to confirm that management has processes in place aimed at meeting all statutory and contractual obligations as well as all governance requirements as laid down in the CEC Charter and the CBGA Charter.

3. The Committee may undertake reviews of key activities of CEC to improve operational performance and internal controls, including those administrative activities carried out by the CEC Secretariat on behalf of the CBGA Delegate.

4. The Committee will provide the formal forum for detailed discussions between the Commission and senior management on issues relating to financial policies, audit and risk.

APPOINTMENT, COMPOSITION AND TENURE

5. The Commission is responsible for the appointment of Committee members.

6. The Committee shall consist of up to five members (including the Chairperson who will be a serving Commissioner), comprising Non Executive Commissioners and/or Other Persons.

7. The Commission will appoint all members of the Committee.

Approved by Commission on 20 March 2013
8. The Committee may elect an Acting Chairperson, so the nominated member can act as Chairperson on an ad-hoc basis, if the Chairperson is unable to attend meetings or to carry out his/her responsibilities between meetings, such as clearance of Committee agendas, signing of correspondence, and so on.

9. The Chairman of the Commission should not also be the Chairperson of the Committee.

10. Taken collectively, Committee members will have a broad range of skills and experience relevant to the operations of the Commission. In deciding on membership, the Commission shall have as one of its objectives that at least one member would have accounting or related financial management qualifications and experience, with an understanding of accounting and auditing standards in a not for profit environment.

   All Committee members shall have knowledge of CEC’s governance arrangements, its statutory requirements and its contractual obligations for the acquittal of government grants for both the CEC and the CBGA.

11. Committee members shall be appointed for an initial period of three years. The Commission may consider an extension or re-appointment after the initial term.

12. The term of appointment of a Commissioner to the Committee concludes upon his/her ceasing to be a Commissioner.

13. Committee members may resign at any time in writing to the Commission Chairman.

14. The Commission at any time and for any reason may withdraw the appointment of a member of the Committee. There is no right of appeal against a Commission decision under this clause.

15. Committee members must act only within the scope of the Committee’s specified functions and responsibilities.

16. Committee members must exercise their powers and perform their functions with due care, skill and diligence. They must also act in good faith in the best interests of CEC and for a proper purpose.

**ROLES AND RESPONSIBILITIES**

17. The Committee has no executive powers or decision-making authority in relation to the operations of CEC, unless specifically delegated by the Commission. The Committee functions in an oversight and review role and has no delegated power from the Commission to incur expenses.

18. The Committee has the authority to request any information it requires from CEC’s auditors and from any member of the CEC Secretariat, including the Executive Director and other executive staff. The Committee shall have unlimited access to discuss any matters with CEC’s auditors.
19. The Committee is authorised to seek such independent, professional advice as it considers necessary to carry out its duties.

20. The members of the Committee are responsible for ensuring the efficient and effective operation of the Committee and taking the appropriate steps to ensure they have the requisite knowledge and training to undertake their role.

21. **Risk Management**

The Committee’s responsibilities are to:

21.1. satisfy itself that the CEC Secretariat has in place a current and comprehensive risk management framework, and that procedures for identification and management of CEC’s financial and operational risks are effective;

21.2. annually review the CEC Risk Management Plan;

21.3. annually review insurance cover;

21.4. annually review the Fraud Control Plan;

21.5. annually review the Business Continuity Plan and IT Disaster Recovery Plan; including the periodic testing of disaster recovery plans;

21.6. annually to provide the Commission with a summary report on Risk Management.

22. **Control Framework**

The Committee’s responsibilities are to:

22.1. satisfy itself that the CEC Secretariat has appropriate processes to support the system of internal controls (including over external parties such as contractors and advisors), management information systems and overall risk management and that these processes achieve their objectives;

22.2. review the efficiency and effectiveness of internal controls and consider how management identifies any required changes to the design or implementation of internal controls;

22.3. satisfy itself that appropriate policies and procedures are in place for the management and execution of delegations;

22.4. assess and endorse the internal audit annual plan, ensuring it addresses CEC’s significant risks as well as providing satisfactory coverage of performance and compliance areas; and,

22.5. consider internal audit reports, monitor management’s implementation of audit recommendations and monitor progress against the internal audit annual plan.
23. **External accountability**

The Committee’s responsibilities are to:

23.1. review CEC’s accounting policies and disclosures in the annual financial statements and other disclosures in the Annual Report prior to release;

23.2. satisfy itself that processes are in place to ensure that government grants are properly and timely acquitted according to CEC’s and CBGA’s contractual obligations;

23.3. review externally published financial information prior to release;

23.4. undertake quarterly reviews of CEC’s financial performance; and,

23.5. consider all external audit reports and receive assurances that management is appropriately addressing any recommendations.

24. **Compliance**

The Committee’s responsibilities are to satisfy itself that the CEC Secretariat:

24.1. has appropriately considered legal and compliance risks as part of CEC’s risk assessment and management arrangements;

24.2. has appropriately considered the governance requirements as laid down in the CEC Charter and the CBGA Charter; and,

24.3. has in place adequate controls and procedures to comply with legislation and regulations, in terms of their possible impact on the responsibility and liability of CEC and the Commission.

The Committee will also:

24.4. consider reports from the CEC Secretariat on the effectiveness of internal self-assessment processes and other forms of continuous monitoring; and,

24.5. promptly advise the Commission of any significant compliance matters or breaches.
25. Internal and External Audit

The Committee’s responsibilities are to:

25.1. act as a forum for communication between the Commission, the CEC Secretariat and internal and external audit;

25.2. review audit plans and all reports in respect of planned or completed audits and monitor management’s implementation of audit recommendations;

25.3. provide advice to the Commission on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;

25.4. advise the Commission on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan; and,

25.5. annually review the performance of auditors and recommend to the Commission, the appointment and termination of the auditors.

26. Audit independence

The Committee’s responsibilities are to:

26.1. form a view as to the objectivity of the internal auditor and the independence of the external auditors; and,

26.2. consider and recommend to the Commission and/ or management the acceptance or otherwise of any non-audit services provided by either the internal auditor or the external auditor above $25,000.

REPORTING

27. After the minutes of the meetings have been accepted as a correct account by the Committee members, the minutes shall be signed by the Committee Chairperson, and circulated promptly to the Committee members, external and internal auditors and relevant attendees.

28. The Chairperson of the Committee may give a verbal update, as necessary to the next Commission meeting and the approved Committee minutes will follow as an item for information for the Commission.

29. The Committee shall, at least once annually, provide a report to the Commission on its operation and activities during the year. This reporting shall occur in conjunction with presenting the annual financial statements to the Commission for endorsement and at other times as requested by the Commission.

30. The Committee shall report any other matters it deems of sufficient importance to the Commission, as required.
ADMINISTRATIVE ARRANGEMENTS

31. Meetings

31.1. The Committee will meet at least four times per annum. In addition, the Chairperson will be required to call a meeting of the Committee if requested to do so by the Commission or any two Committee members.

31.2. The meeting quorum shall comprise three members when there are five members of the Committee. Should the Commission elect to reduce the size of the Committee to three or four members at any time then the quorum would comprise two members.

31.3. The Committee will meet separately with both the internal and external auditors at least once a year.

31.4. A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all of the Committee’s responsibilities.

31.5. Commission approved meetings procedures shall apply to the Committee.

32. Attendance at Meetings

32.1. The Commission Chairman and/or the Executive Director and/ or other CEC Secretariat Staff may be invited to attend Committee meetings, to participate in specific discussions or provide strategic briefings to the Committee.

32.2. The Committee may elect from time to time to hold its meetings in part or in whole in camera, or to meet privately with auditors without CEC management being present.

32.3. Internal and external auditors shall attend at least one meeting annually in an observer capacity, unless requested not to do so by the Chairperson of the Committee.

33. Secretariat

33.1. The Committee Secretary will be provided by CEC and will be responsible for keeping Committee minutes.

33.2. The Committee Secretary shall formulate the Committee meeting agenda, in conjunction with the Chairperson.

33.3. The Committee Secretary shall ensure that agenda material is circulated, at least one week before the meeting.
34. **Conflict of Interest**

34.1. Before appointment, proposed Committee Members must confirm to the Commission Chairman that they do not have a conflict of interest in accepting the role.

34.2. Where members or observers at Committee meetings are deemed to have a real or perceived conflict of interest, they may be excused from Committee deliberations on the issue where a conflict of interest exists. This is a decision for the Chairperson and the situation will be minuted.

34.3. The external and internal auditors must provide a conflict of interest declaration to the Committee annually.

35. **Induction**

35.1. The Committee Secretary shall ensure that new Committee members receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

36. **Assessment Arrangements**

36.1. The Chairperson of the Committee, in consultation with the Chairman of the Commission, will initiate a self-evaluation of the performance of the Committee at least once every two years

37. **Review of Mandate**

37.1. The Committee shall review the continuing relevance of the Committee’s Terms of Reference on an annual basis or otherwise as required. Where changes are deemed necessary they will be submitted to the Commission for approval.