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Board Audit and Risk Committee

Charter

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Version 6

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Prepared: Deputy Board Secretary – Christopher Dalton

Approved: Airservices Australia Board
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Change summary

Version	Date	Change description
1	2 July 2019	Initial Document Centre published version of Charter, replacing all previous unpublished versions.
2	4 December 2020	Amendments to Committee responsibilities. Minor updates to member obligations and standing invitees.
3	31 March 2021	Amendment to Committee’s membership composition.
4	9 December 2021	Amendments to Committee responsibilities and composition requirements.
5	5 December 2023	Amendments to Committee responsibilities
6	6 December 2024	Minor amendments

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1. Objectives

- 1.1 The objectives of the Board Audit and Risk Committee are to assist the Airservices Board (**Board**) to discharge its responsibilities by:
- a) assisting and providing assurance to the Board regarding:
 - the appropriateness of Airservices financial reporting;
 - the appropriateness of Airservices performance reporting;
 - ensuring an appropriate system of risk oversight and management is maintained and is operating effectively; and
 - ensuring an appropriate system of internal control is maintained and is operating effectively;
 - assisting Airservices and individual Board Members to understand and comply with all relevant legislative obligations (including obligations under the *Air Services Act 1995* and the *Public Governance, Performance and Accountability Act 2013*) and other applicable policies of the Australian Government; and
 - b) providing a forum for communication between Board Members, senior managers and Airservices internal and external auditors.

2. Membership

- 2.1 The Committee will consist of:
- a) a Chair, who will be a non-executive Board Member, appointed by the Board; and
 - b) at least two non-executive Board Members, appointed by the Board.
- 2.2 The Board Chairperson and Chief Executive Officer are not permitted to be members of the Committee.
- 2.3 Appointments to the membership of the Committee will be reviewed by the Board on a biennial basis.
- 2.4 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of Airservices, and at least two members of the Committee should have a high level of expertise relevant to financial reporting, performance reporting, and/or management of risk and internal controls.
- 2.5 The Board will have regard to the Airservices objectives on equity and diversity, and the need for both continuity and regular renewal, in making appointments to the Committee.
- 2.6 Committee members are required to:
- a) understand and observe legislative requirements under the *Air Services Act 1995*, the *Public Governance, Performance and Accountability Act 2013* and the *Public Governance, Performance and Accountability Rule 2014*;
 - b) adhere to the Board's Code of Conduct and Conflict of Interest Protocol;
 - c) possess appropriate qualifications, knowledge, skills and experience;
 - d) apply appropriate analytical skills, objectivity and judgement; and
 - e) express opinions constructively and openly, raising issues that relate to the Committee's responsibilities and pursuing independent lines of enquiry.

3. Responsibilities

To assist the Board, the Committee will:

Review the appropriateness of Airservices financial reporting and management, including:	
3.1	Review the appropriateness of systems and processes for preparing financial reporting information.
3.2	Provide input and feedback on the audit strategy proposed by the external auditor and on the audit service they provide.
3.3	Review the annual financial statements of Airservices and provide advice and assurance to the Board that the statements represent a true and fair view of Airservices' financial position, financial performance and cash flows. In particular, the Committee will focus on: <ol style="list-style-type: none"> a) compliance with the <i>Public Governance, Performance and Accountability Act 2013</i> (including its associated Rules) and applicable accounting standards; b) the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies; c) the adequacy of management representations concerning the statements and related matters; d) significant or unusual transactions and accounting estimates; e) contingencies of a material nature; f) major judgmental areas; and g) the external auditor's opinions about the adequacy of the Airservices accounting policies, and the appropriateness of processes and systems for the preparation of the statements, through discussions with the external auditor.
3.4	Review external audit findings reported in audit management letters and other reports provided by the external auditors and ensure that findings are promptly addressed and agreed recommendations are adopted by management.
3.5	Monitor financial management and make recommendations to the Board for approval of corporate financial plans, including in respect of pricing strategies, revenue, operating and capital expenditure, returns, dividends and gearing.
3.6	Review and provide advice to the Board on recommendations for the payment of dividends to the Australian Government.

Review the appropriateness of Airservices performance reporting, including:	
3.7	Review appropriateness of Airservices' systems and processes for assessing, monitoring and reporting its performance. In particular, the Committee will satisfy itself that: <ol style="list-style-type: none"> a) the Corporate Plan contains appropriate details of how Airservices' performance will be measured and assessed; and

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	<p>b) the approach to measuring Airservices' performance throughout the reporting period against the performance measures (included in the Corporate Plan) is appropriate and in accordance with the <i>Public Governance, Performance and Accountability Act 2013</i> (including its associated Rules and relevant Commonwealth guidance).</p>
3.8	<p>Review the annual performance statement of Airservices and provide advice and assurance to the Board that the statement represents a true and fair view of Airservices' performance in achieving the performance measures included in the Corporate Plan. In particular, the Committee will focus on:</p> <p>a) compliance with the <i>Public Governance, Performance and Accountability Act 2013</i> (including its associated Rules and relevant Commonwealth guidance);</p> <p>b) the appropriateness of performance measurement methodologies, including any significant changes to performance measurement methodologies;</p> <p>c) significant or unusual matters affecting performance;</p> <p>d) major judgmental areas; and</p> <p>e) the external auditor's opinions about the adequacy of the Airservices performance measurement methodologies, and the appropriateness of processes and systems for the preparation of the statement, through discussions with the external auditor.</p>

Review Airservices system of risk oversight and management, including:	
3.9	Review the risk appetite statement and associated risk tolerances, as determined by the Board, on a whole of enterprise basis, and with respect to relevant categories of enterprise risk.
3.10	Review whether management has in place an appropriate risk management framework and associated internal controls for effective identification and management of Airservices business and financial risks, including fraud and corruption.
3.11	Satisfy itself that an appropriate approach has been followed in managing Airservices enterprise risks and risks associated with significant programs, projects and other activities.
3.12	Satisfy itself that the enterprise risk register includes all significant enterprise risks, and on a regular basis, review management's progress on implementing mitigation plans for enterprise risks.
3.13	Review the process of developing and implementing Airservices fraud control arrangements and satisfy itself there are appropriate processes and systems in place to detect, capture and effectively respond to fraud risks.
3.14	Review reports on fraud from management that outline any significant or systemic allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk.
3.15	Review whether management has adequately developed risk management capability in Airservices and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to.

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3.16	Review the adequacy of Airservices insurance arrangements.
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Review Airservices system of internal control, including:	
3.17	Review whether management has in place an appropriate internal control framework which gives effect to policies approved by the Board, and that these are periodically reviewed and updated.
3.18	Satisfy itself that appropriate processes are in place to assess whether policies, frameworks and other internal controls are complied with.
3.19	Review the effectiveness of systems for monitoring Airservices compliance with laws, international conventions, regulations and government policies with which it must comply.
3.20	Review whether appropriate arrangements are in place for the management and exercise of delegations and authorisations.
3.21	Review and provide advice to the Board on the adequacy of Airservices corporate governance arrangements, and in particular ensuring compliance with the <i>Air Services Act 1995</i> and the <i>Public Governance, Performance and Accountability Act 2013</i> .
3.22	Satisfy itself that management has taken appropriate steps to embed a culture that promotes the proper use and management of public resources.
3.23	Monitor the implementation of agreed recommendations from ANAO audits or Parliamentary Committee or Royal Commission reports directed to Airservices.
3.24	Review external reports issued by bodies such as the ANAO, Parliamentary Committees and Royal Commissions and the relevance of their recommendations to Airservices.

Oversee the internal audit function, including:	
3.25	Review the proposed internal audit coverage to ensure it takes into account key risks and recommend approval of the annual Internal Audit Plan to the Board.
3.26	Review internal audit reports and provide advice to the Board on significant issues identified and recommend action, including identification and dissemination of good practice.
3.27	Review and provide advice to the Board on the CEO's recommendation as to the preferred candidate for appointment as Chief Auditor. For this purpose, the CEO will also consult with the Board Chairperson and Committee Chair, in relation to the suitability (including experience, skills and qualifications) of the preferred candidate and the proposed remuneration package. In addition, should it be necessary, review and provide advice to the Board on terminating the employment of the Chief Auditor.

3.28	Review and provide advice to the Board on the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
3.29	Review and provide advice to the Board on the performance and resourcing of the internal audit function.

Review relevant investment cases and policies	
3.30	Review and provide advice to the Board in relation to policies and capital investment proposals, relevant to the Committee’s responsibilities, that require Board approval.

3.31 The Committee may consider such matters related to the above responsibilities, or otherwise, as they are referred to the Committee by the Board and / or other Board committees.

4. Meeting Arrangements

4.1 The Committee will meet (except where the Board determines otherwise) not less than four times each year.

4.2 A special meeting of the Committee may be convened by a member of the Committee at any time by written request to the Board Secretariat, stating the reason for calling the special meeting. Special meetings will be held within twenty-one days of receipt of such a request, with not less than seven days’ notice being provided to all Committee members (except where all Committee members consent to a shorter notice period).

4.3 The agenda for Committee meetings will be determined by the Committee Chair.

4.4 Meetings can be held in person, by telephone or by videoconference.

4.5 The quorum for any meeting of the Committee is 50 per cent of current members of the Committee.

4.6 The following Airservices officers have standing invitations to attend meetings of the Committee, but may be asked to leave at any time:

- a) Board Chairperson,
- b) Chief Executive Officer,
- c) members of the Executive (as relevant to their accountabilities), and
- d) Chief Auditor, and
- e) Board Secretary and Deputy Board Secretary.

4.7 The external auditors have standing invitations to the meetings of the Committee for audit related matters but may be asked to leave at any time. Other attendees may be invited as required or at the discretion of the Committee or Committee Chair.

4.8 The Committee will meet at least annually with the external and internal auditors without management in attendance.

- 4.9 The Board Secretariat will provide secretariat support to the Committee, and will ensure:
- a) the agenda and papers for each meeting are circulated, after approval by the Committee Chair and at least 7 days before the meeting. Copies of the agenda and meeting papers will be provided to all members of the Board via the Board Portal; and
 - b) the minutes of the meetings are prepared. Draft minutes will be reviewed by the Committee Chair and circulated to Committee members for consideration following each meeting.

5. Powers and authority

- 5.1 The Committee has no power to make decisions in respect to Airservices' business or affairs except as expressly delegated to the Committee by the Board. As at the date of approval of this Charter, the Board has not delegated any decision-making powers to the Committee.
- 5.2 The Board has authorised the Committee to do the following things for the purposes of enabling the Committee to discharge its responsibilities:
- a) obtain information from management;
 - b) have access to management and employees;
 - c) obtain external, independent advice as considered necessary, at the cost of Airservices; and
 - d) discuss any matter with the external auditor.
- 5.3 Any request by the Committee for external advice will be noted in the minutes of the Committee meeting.

6. Reporting

- 6.1 The Committee will:
- a) prepare draft resolutions for the Board's consideration.
 - b) provide the Board with the minutes of Committee meetings; and
 - c) through its Chair, report at Board meetings about the Committee's activities.
- 6.2 The Committee will annually, in conjunction with the Board's consideration of the annual financial statements and annual performance statement:
- a) first consider both:
 - the arrangements for financial reporting and performance reporting;
 - the system of risk oversight and management; and
 - the system of internal control.
 - b) provide its view as to their appropriateness of (a) to the Board in the form of a written statement authorised by the Committee and signed by the Committee Chair.

7. Evaluating performance

7.1 The Committee will:

- a) assess its performance against this Charter on an annual basis. This assessment includes seeking appropriate input from the Board and other relevant stakeholders as determined by the Board.
- b) report to the Board on its assessment

8. Review of Charter

8.1 The Committee will review this Charter on an annual basis and report the outcomes of the review to the Board.