



Airservices Australia

Board Audit and Risk Committee Charter

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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1	2 July 2019	Initial Document Centre published version of Charter, replacing all previous unpublished versions.

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1 Objectives

The objectives of the Board Audit and Risk Committee are to assist the Airservices Board (**Board**) to discharge its responsibilities by:

- 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
- providing a forum for communication between Board Members, senior managers and Airservices internal and external auditors.

2 Membership

The Committee will consist of:

- a Chair, who will be a non-executive Board Member, appointed by the Board; and
- at least three non-executive Board Members, appointed by the Board;

The Board Chairperson and Chief Executive Officer are not permitted to be members of the Committee.

Appointments to the membership of the Committee will be reviewed by the Board on a biennial basis.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of Airservices, and at least three 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.

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.

Committee members are required to:

- 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*;
- act in Airservices' best interests;
- possess appropriate qualifications, knowledge, skills and experience;
- apply appropriate analytical skills, objectivity and judgement; and
- 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:

Risk management
Evaluate the effectiveness of all internal controls and the risk management framework, including financial and business risk;
Determine if the risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change;
Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
Conduct a review of the corporate risk register on a six monthly basis to ensure all significant corporate risks are included, and on a regular basis, review management's progress on implementing risk mitigation plans;
Review the adequacy of Airservices insurance arrangements;
Review Airservices business continuity arrangements and consider the risks when reviewing whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of Airservices' business and financial risks;
Review the process of developing and implementing Airservices' fraud control arrangements ensure that appropriate processes and systems are in place to detect, capture, report and effectively respond to fraud-related information;
Review the extent to which the audit plan can be relied upon to detect weaknesses in internal controls relating to fraud and security;
Review reports on the status of outstanding legal matters and matters under investigation including those related to corruption, fraud and serious misconduct;
Review whether appropriate policies and procedures are in place for the management and exercise of delegations;
Assess the impact of Airservices' Risk Management Framework on the control environment;
Review significant or unusual financial transactions, including large or complex procurements and transactions;
Review key parameters and targets for corporate planning;
Review management estimates, budgets and forecasts;
Review service pricing strategies;
Receive periodical reports from management regarding credit, treasury liquidity and foreign exchange risks and assess their alignment with Airservices financial risk appetite; and

Oversee development of trading credit and treasury policies.

External accountability

Review the financial statements and provide advice to the Board (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Chair of the Board;

Satisfy itself that recommendations for the payment of dividends to the Government will not impact on the operations of Airservices and that a reasonable level of reserves are maintained to support future infrastructure requirements;

Satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal controls;

Review the processes in place designed to ensure that financial information included in Airservices' annual report is consistent with the signed financial statements;

Review the adequacy of governance arrangements;

Review the adequacy of controls that are designed to ensure legislative compliance;

Satisfy itself that Airservices has appropriate mechanisms in place to review and implement, where appropriate, relevant Parliamentary Committee reports and external reviews of Airservices, and recommendations arising from these reports and reviews;

Satisfy itself that Airservices has an appropriate performance reporting framework that meets government policy objectives and requirements and is linked to Airservices' objectives and outcomes; and

Review the selection of key performance indicators, review the annual performance statement and the processes in place to ensure that necessary performance information is collected and presented in the required format.

Legislative compliance

Determine whether management has appropriately considered legal and compliance risks as part of Airservices risk assessment and management arrangements; and

Review the effectiveness of the system for monitoring Airservices compliance with relevant laws, international conventions, regulations and associated Government policies.

Internal control

Review whether management has in place relevant policies and procedures, including Management Instructions, and that these are periodically reviewed and updated;

Determine whether appropriate processes are in place to assess whether key policies and procedures are being complied with;

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Periodically review Airservices' governance arrangements as determined by the Board and suggesting improvements, where appropriate, to the Board;

Consider how management identifies any required changes to the design or implementation of key internal controls; and

Assess whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

Internal audit

Act as a forum for communication between the Board, senior management and internal audit;

Review the internal audit coverage and annual work plan, ensure the plan is based on Airservices' risk management plan, and recommend approval of the plan by the Board;

Advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan;

Review audit programs conducted by internal and external audit;

Review all audit reports and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;

Review all internal plans and reports in respect of planned or completed audits and monitor management's implementation and timeliness of internal audit recommendations;

Provide advice to the Chief Executive Officer on the appointment of Chief Auditor;

Review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place; and

Periodically review the performance of internal audit.

External audit

Act as a forum for communication between the Board, senior management and external audit;

Provide input and feedback on the financial statement and audit coverage proposed by external audit and provide feedback on the audit services provided;

Review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations; and

Provide advice to the Board on action taken on significant issues raised in relevant external audit reports.

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

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

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).

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

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

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

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

- Board Chairperson
- Chief Executive Officer
- Chief Financial Officer
- Other Executive General Managers
- Chief Auditor, and
- Board Secretary and Deputy Board Secretary.

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.

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

The Board Secretariat will provide secretariat support to the Committee, and will ensure:

- 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
- 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

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.

The Board has authorised the Committee to do the following things for the purposes of enabling the Committee to discharge its responsibilities:

- obtain information from management;
- have access to management and employees;
- obtain external, independent advice as considered necessary, at the cost of Airservices; and
- discuss any matter with the external auditor.

Any request by the Committee for external advice will be noted in the minutes of the Committee meeting.

6 Reporting

In addition to providing the Board with the minutes of Committee meetings, the Committee, through its Chair, will report at Board meetings about the Committee's activities and prepare draft resolutions for the Board's consideration.

On an annual basis, the Committee, having considered the arrangements for financial reporting and performance reporting, and the system of risk oversight and management and the system of internal control, will provide its view as to their appropriateness to the Board. This view will be expressed through a written statement authorised by the Committee and signed by the Committee Chair. The written statement will be provided in conjunction with the Board's consideration of the annual financial statement and annual performance statement.

7 Evaluating performance

The Committee will assess its performance against this Charter on an annual basis and seek appropriate input from the Board, the internal and external auditors and other relevant stakeholders as determined by the Board. The Committee will report to the Board on its assessment.

8 Review of Charter

The Board will review this Charter on an annual basis, after receiving advice about the adequacy of the Charter from the Committee.