

Audit, Risk & Governance Committee - Terms of Reference (Specific)

Board Charter Appendix 18

Audit, Risk & Governance Committee – Specific Terms of Reference*

**to be read in conjunction with the Board Committee “General Terms of Reference” located in the Board Charter – “Board Committee Operations” (AQuA 2022)*

Purpose

The Committee is formed to assist the Board to effectively establish and maintain effective risk management, compliance, assurance, internal controls and governance structures to safeguard resources (people, information, assets), support decision making and support achievement of Activ’s legal, constitutional and code of conduct objectives and obligations.

Responsibilities

1.0 Internal Audit

- 1.1 Monitoring the independence of the Governance and Risk function.
- 1.2 Reviewing and monitoring the delivery of an effective internal audit programme
- 1.3 Considering and approving risk-based strategic internal audit plans and annual audit plans
- 1.4 Reviewing and monitoring the progress of the annual internal audit plan
- 1.5 Considering and reviewing:
The Internal Audit Charter on an annual basis;
a) Significant internal audit findings during the year; and
b) Any difficulties encountered in the performance of the activities agreed in the internal audit plan.
- 1.6 Reviewing and monitoring responses to internal audit findings and recommendations to ensure these are dealt with in a timely and appropriate manner.

2.0 External Audit

- 2.1 Reviewing the independence of the external auditor, including reviewing any consulting services provided by the external auditor and fees related to those services.
- 2.2 Reviewing Activ policies and procedures relating to independence of the external auditor, against industry requirements and best practice.
- 2.3 Considering the audit scope and work plan of the external auditor to ensure appropriate combined internal and external assurance coverage across Activ in response to significant risks.
- 2.4 Ensuring there are no restrictions imposed on the scope of the external audit or access to information.
- 2.5 Reviewing the coordination of audit effort as to:
a) Completeness of coverage;
b) Avoiding duplicate and redundant efforts; and
c) Effective use of audit resources.

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- 2.6 Considering and reviewing significant findings of the external auditor and internal audit including internal audit work relied upon by the external auditor, plus the effectiveness of internal controls and appropriateness of accounting policies applied in the financial reports.
- 2.7 Reviewing and monitoring responses to the external auditor's observations and recommendations to ensure these are dealt with in a timely and appropriate manner.
- 2.8 Reviewing the performance of the external auditor on an annual basis and recommending to the Board for the appointment, reappointment or termination of the external auditor.

3.0 Reviewing And Monitoring Internal Control Systems

- 3.1 Evaluating whether the appropriate control culture is set through the communication of expectations about internal control and compliance with internal and external requirements, and management of risk and opportunities.
- 3.2 Evaluating Activ's processes for assessing and continuously improving internal controls, particularly those related to:
 - a) Identified areas of significant risk and opportunity;
 - b) Approval of transactions and recording and processing of financial data;
 - c) Safeguarding of assets;
 - d) Managing actual and perceived conflicts of interest;
 - e) Compliance with statutory, contractual and internal requirements; and
 - f) Cyber resilience.
- 3.3 Monitoring and assessing current/pending litigation or regulatory proceedings to which Activ is, or is likely to be, a party and which is likely to have a material impact on Activ's licence to operate, finances, operations or reputation.

4.0 Risk

- 4.1 Reviewing and monitoring the internal risk function and risk and opportunity management systems;
- 4.2 Evaluating whether the appropriate control culture is set through the communication of the Risk Appetite Statement, and the importance of internal control, compliance and management of risk and opportunity.
- 4.3 Reviewing the Risk Appetite Statement settings on an annual basis to ensure they remain current.
- 4.4 Evaluating Activ's policies and procedures regarding risk and opportunity management to ensure continued effectiveness.
- 4.5 Reviewing whether Activ has appropriate processes for identifying, assessing and responding to risks and opportunities in accordance with Activ's strategic and operational objectives and plans. This involves having regard to risks to customers, financial and work health and safety risks.
- 4.6 Reviewing significant risks, exposures or opportunities and assessing the steps taken to minimise such risks or maximise opportunities.
- 4.7 Monitoring the processes for managing insurable risks and, if applicable, self-insurance, including assessing the adequacy of insurance cover.

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5.0 Compliance with Laws and Regulations, Contracts and Internal Policies and Procedures

- 5.1 Reviewing and monitoring compliance systems;
- 5.2 Reviewing Activ policies, and procedures relating to compliance with laws and regulations, contracts, internal requirements and fraud risk management.
- 5.3 Monitoring the management of significant cases of fraud and the resolution of those cases.
- 5.4 Reviewing and monitoring the processes for monitoring and enforcement of compliance with laws and regulations, contracts, and all internal policies and procedures.
- 5.5 Reviewing the findings and recommendations resulting from the execution of the internal and external assurance activities to ensure implementation of agreed continuous improvement.

6.0 Governance

- 6.1 Reviewing and monitoring compliance with legislative, constitutional and other governance requirements and assisting the Board, Board Committees and the Council to establish, maintain and continuously improve its governance processes, aligned with legislative and best practice requirements;
- 6.2 Advising and appraising the Board on its legislative, constitutional and other governance requirements, including code of conduct obligations, and recommending to Board how those obligations can be met;
- 6.3 Reviewing the Board Governance Package (inclusive of the Board Charter) and Corporate Governance Statement annually and recommending amendments to the Board as required, to ensure the organisation complies with relevant legislation and corporate governance best practice;
- 6.4 Monitoring significant developments in the law and practice of corporate governance and making recommendations to the Board on all matters of corporate governance including any proposed changes to existing structures or practices, recognising that other standing committees may also advise or make recommendations to the Board on governance matters within their specific areas of responsibility.
- 6.5 Monitor and review all relevant director clearances/training/other requirements (i.e. NDIS Screening/Police Clearances, NDIS Training) and relevant policies on a regular basis;
- 6.6 Developing and reviewing Board policies, including:
 - a) Board Charter;
 - b) Committees' Terms of Reference;
 - c) Conflict of interest Policy;
 - d) Whistleblower Policy;
 - e) Code of Conduct and Ethics Policy;
 - f) Delegations of Authority Policy; and
 - g) Ensuring clarity of the roles and responsibilities of respective Board committees through each Committee's Terms of Reference consideration and approval by the Board;
- 6.7 Reviewing the Board Calendar for all Board Committees and providing these plans for consideration and approval by the Board; and
- 6.8 Reviewing the Constitution as required.