



AUDIT COMMITTEE CHARTER

Sydney Harbour Federation Trust (the Harbour Trust)

ESTABLISHMENT

The Audit Committee (the *Committee*) is established by the Harbour Trust as the accountable authority in compliance with subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.

FUNCTIONS

The Harbour Trust has determined the functions of the *Committee* as set out in this charter, in compliance with subsection 45(2) of the *PGPA Act* and subsections 17(1) and 17(2) of the *Public Governance, Performance and Accountability Rule 2014 (the Rule)*.

The *Committee* reviews the appropriateness of the following for the Harbour Trust:

- financial reporting
- performance reporting
- system(s) of risks oversight management and reporting
- system(s) of internal control.

FINANCIAL REPORTING

The *Committee* will review and provide advice on the appropriateness of the Harbour Trust's:

- annual financial statements
- processes and systems for preparing financial reporting information
- financial record keeping
- processes in place to allow the entity to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.

The *Committee* will provide a statement to the Harbour Trust on:

- whether the annual financial statements, in the *Committee's* view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
- whether additional entity information (other than financial statements) required by Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
- in respect of the appropriateness of the entity's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

PERFORMANCE REPORTING

The *Committee* will review and provide advice on the appropriateness of the Harbour Trust's systems and procedures for assessing, monitoring and reporting on achievement of the Harbour Trust's performance.

In particular, the *Committee* will seek evidence to satisfy itself that the Harbour Trust's:

- Portfolio Budget Statements and corporate plan contain appropriate details of how the Harbour Trust's performance will be measured and assessed
- approach to measuring performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and corporate plan is appropriate and in accordance with the *Commonwealth performance framework*
- systems and processes are appropriate for preparation of its annual performance statement and inclusion of the statement in its annual report.

The *Committee* will review the annual performance statements and provide advice to the Harbour Trust on their appropriateness to the entity.

The *Committee* will provide a statement to the Members of the Harbour Trust on whether, in their view, the Harbour Trust's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

SYSTEM(S) OF RISKS OVERSIGHT MANAGEMENT AND REPORTING

The *Committee* will review and provide advice on the appropriateness of the Harbour Trust's:

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the Harbour Trust's risks, as required by Section 16 of the PGPA Act
- approach to managing the Harbour Trust's key risks
- process for developing and implementing the Harbour Trust's fraud control arrangements consistent with the fraud control framework, and satisfy itself that the Harbour Trust has adequate processes for detecting, capturing and effectively responding to fraud risks
- articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the entity.

The *Committee* provide a statement to the Members of the Harbour Trust whether in their view, the Harbour Trust's system of risk oversight and management as a whole is appropriate and any specific areas of concern or suggestions for improvement.

SYSTEMS OF INTERNAL CONTROL

The *Committee* will review and provide advice on the appropriateness of the Harbour Trust's internal control framework, including:

- management's approach to maintaining an effective internal control framework, relevant policies and procedures and legislative compliance, security posture and business continuity and disaster recovery, internal audit coverage, and external scrutineers, including reviewing the implementation of agreed recommendations from Australian National Audit Office (ANAO) audits or Joint Committee of Public Accounts and Audit (JCPAA) and other parliamentary committee reports directed to the entity.

The *Committee* provide a statement to the Members of the Harbour Trust on whether the Harbour Trust's system of internal control is appropriate for the entity, with reference to any specific areas of concern or suggestions for improvement.

MEMBERSHIP

The *Committee* will consist of at least three (3) independent members, where independent is defined by the Department of Finance guidance. Collectively, members will have suitable skills and experience relevant to the operations of the Harbour Trust. At least one member will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.

Members are appointed by the Secretary of Climate Change, Energy, the Environment and Water for a term determined by the Secretary and agreed by the Harbour Trust.

A member may resign at any time by giving written notice to the Secretary of Climate Change, Energy, the Environment and Water and copied to the Harbour Trust. The resignation will take effect when the notice is received, or later if stated in the notice.

Members of the Harbour Trust, and employees of the Harbour Trust or other APS agencies are not considered to be independent and cannot be appointed as members of the *Committee* but may assist as observers of the *Committee*.

Members of the *Committee* will declare any conflict of interest (actual or perceived) and will complete a written conflict of interest declaration annually.

Members of the *Committee* must operate in the best interests of the entity and understand and observe the legal requirements of the *PGPA Act* and *PGPA Rule* and any official guidance relevant to performing their functions.

SUB-COMMITTEES

Sub-committees may be established by the *Committee* in consultation with the Harbour Trust to assist the *Committee* in meeting its responsibilities.

The Chair of any sub-committee must be independent. APS employees with suitable experience and knowledge may be appointed as members of sub-committees.

The responsibilities, membership and reporting arrangements for each sub-committee will be documented and approved by the *Committee*.

The sub-committees do not assume any management functions. Management must not exert inappropriate influence over the work of sub-committees.

AUTHORITY

The Harbour Trust authorises the *Committee*, within the scope of its role and responsibility, to:

- obtain information from any official, employee or external party (subject to legal obligation to protect information)
- discuss any matters with internal or external auditors (subject to confidentiality considerations)
- refer Internal Audit reports or other information to management committees or the Members of the Harbour Trust as required
- request the attendance of any official or employee, including an accountable authority or external party, at meetings

- obtain independent legal or other professional advice to meet its responsibilities, if necessary, at the Harbour Trust's expense and approved by the Harbour Trust or delegate.

CONDUCT OF THE COMMITTEE

The *Committee* is responsible to the Harbour Trust for the performance of its functions.

It has no executive powers in relation to the operations of the Harbour Trust. The *Committee* may only review the appropriateness of particular aspects of Harbour Trust operations, consistent with its functions and advise the Harbour Trust accordingly.

To support the entity to achieve better business outcomes, the *Committee* will engage with management in a timely, constructive and professional manner in discharging its advisory responsibilities and formulating advice to the Harbour Trust.

The Harbour Trust will assist the *Committee* to discharge its responsibilities by providing access to all internal audit reports.

The *Committee* may request attendance or reporting from management at meetings, within the scope of its functions.

REPORTING

The *Committee* will report annually to the Harbour Trust. The annual report will include the *Committee's* operation and activities including that all functions outlined in this Charter have been satisfactorily addressed.

The *Committee* may report as often as necessary to the Members of the Harbour Trust on its view on the appropriateness of the functions it reviews. The *Committee* may report (collectively or individually) to the Harbour Trust at any time on any matter it deems sufficiently important. The Chair and Chair of the Harbour Trust provide regular updates to each other on relevant issues after meeting, as required and requested.

CONSULTATION

The *Committee* will develop and maintain open and constructive relationships with the Harbour Trust Executive management and the *Committee* secretariat. The *Committee* will collaborate to ensure a strategic approach is taken to provide assurance on the appropriateness of the Harbour Trust's accountability and control frameworks, appropriate to its size and scope of responsibility.

ADMINISTRATIVE ARRANGEMENTS

MEETINGS

The *Committee* will meet at least four times a year. Special meetings may be held to review annual financial statements and performance statements or to meet other specific responsibilities.

The Chair will call a meeting if asked to do so by the Harbour Trust and decide if a meeting is required if requested by another member, Internal Audit or the ANAO.

QUORUM

A quorum is at least two (2) members. The quorum must be in place at all times during the meeting.

ATTENDANCE

Members of the Trust, key staff including the Executive Director, Chief Operating and Finance Officer, Finance Manager, and Strategy Officer may attend meetings as observers or advisers, as determined by the *Committee*.

Members of the DCCEEW senior executive who are appointed as advisors to the departmental Audit Committee are welcome to attend Harbour Trust Audit Committee meetings as observers.

Representatives of the ANAO may attend as observers.

PLANNING

The *Committee* will contribute to, and approve, an annual work plan and meeting schedule that includes the date, location, and proposed agenda items for each meeting for the forthcoming year and covers all the functions outlined in the *Audit Committee Charter*.

ASSESSING PERFORMANCE

The *Committee's*, sub-committees' and member performance, will be reviewed at least every two years. The review, conducted on a self-assessment basis, will seek input from *Committee* members, advisors and observers, senior management and any other relevant stakeholders.

REVIEW OF THE CHARTER

At least once a year, the *Committee* will review this Charter. Any substantive changes will be recommended by the *Committee* and provided to the Members of the Harbour Trust for review and approval.

SECRETARIAT

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) will provide secretariat services to the *Committee* in accordance with an agreement with the Harbour Trust.

The secretariat will ensure the agenda for each meeting is approved by the Chair; the agenda and supporting papers are circulated, where possible, at least one week before the meeting; and ensure that minutes of the meeting are prepared and maintained.

Minutes must be forwarded in a timely manner to the Chair and members for review and provided to *Committee* advisers and observers at the next meeting of the *Committee*.

SIGNED



Sydney Harbour Federation Trust

13 /06 /2023