



Northern Territory Aboriginal Investment Corporation

Audit and Risk Committee Charter

April 2023

1. Introduction

The Northern Territory Aboriginal Investment Corporation (NTAIC) is established by the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA) and is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The accountable authority for the NTAIC is the Board.

The Board is required under the PGPA Act to have an audit committee.¹ The associated *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) sets out requirements for audit committees.² The ALRA also specifies an additional membership requirement.³

This Audit and Risk Committee Charter is approved by the Board for the purposes of the PGPA Rule, which states that the Board must determine the functions of the audit committee by written charter,⁴ and that details relating to the audit committee must be made available in the annual report.⁵

2. Role and Authority

The enabling legislation for the NTAIC is the ALRA. The NTAIC Audit and Risk Committee (the AR Committee) is a committee of the NTAIC Board.⁶ The ALRA provides that NTAIC committee members are deemed to be 'officials' for the purposes of the PGPA Act.⁷ This brings obligations to act in accordance with the duties of officials set out in the PGPA Act, including to act with due care and diligence, to act honestly and in good faith, not to use the position to gain a benefit, and to declare any conflicts of interest.⁸

The AR Committee's role is to provide independent advice, assurance and support to the Board to meet its duties and obligations and ensure best practice corporate governance.⁹ Drawing on its skills and experience,

¹ PGPA Act, ss 45(1).

² PGPA Act, ss 45(2).

³ ALRA, s 65FB.

⁴ PGPA Rule, ss 17(1).

⁵ PGPA Rule s17AG(2A) and ss 17BE(taa).

⁶ ALRA, s 65F provides that the Board can establish committees to advise or assist in the performance of the NTAIC's or the Board's functions.

⁷ ALRA, s. 65FD.

⁸ PGPA, s 25 to s 29.

⁹ PGPA Rule, s 17; Department of Finance, 'A guide for corporate Commonwealth entities on the role of audit committees' (March 2020), 5.



the AR Committee will review information provided to it by internal audit and the NTAIC's management. In order to understand and review the NTAIC's processes and systems, the AR Committee will actively pursue information from relevant areas of the NTAIC. The AR Committee will engage with management in a constructive and professional manner in discharging its functions and formulating its advice.

The Board of the NTAI Corporation authorises the AR Committee, within the scope of its functions, to:

- obtain any information it needs from any employee or external party (subject to confidentiality, secrecy and privacy obligations);
- discuss any matters with the Australian National Audit Office (ANAO), representatives of the internal audit function or other external parties (subject to confidentiality, secrecy and privacy obligations);
- recommend the engagement of external consultants to provide advice to management on anything within the Committee's remit;
- request the attendance of a Board Director or any NTAIC employee (including the CEO) at AR Committee meetings.
- Seek external legal or other professional advice for the benefit of the Committee. If such advice is required, the AR Committee Chair will seek approval from the NTAIC Board Chair. After discussing with the CEO, the Board Chair may approve the procurement of such advice under the NTAIC Board Governance Charter (section 9) as is necessary to permit the AR Committee to discharge its functions. If approved the advice would be provided at the NTAIC's expense.

3. Committee Functions and Deliverables

This Charter sets out the functions of the AR Committee,¹⁰ and the deliverables expected by the Board in relation to each function.

3.1 Financial Reporting

The AR Committee is to review and provide advice on the appropriateness¹¹ of the NTAIC's financial reporting, including in relation to:

- the NTAIC's financial statements;
- information (other than Annual Financial Statements) requested by the Department of Finance in preparing the Australian Government's consolidated financial statements, including the supplementary reporting package;
- compliance with the mandatory requirements of the PGPA Act, PGPA Rules, the Accounting Standards and supporting guidance;
- management's processes and systems for preparing financial reports;
- financial record keeping;

¹⁰ In compliance with PGPA Rule, s 17.

¹¹ For the purposes of this Charter, the PGPA Act and the PGPA Rule, 'appropriateness' is taken to mean 'suitable or fitting for a particular purpose – see Department of Finance, 'A guide for corporate Commonwealth entities on the role of audit committees' (March 2020), 8.



- processes in place to allow the NTAIC to stay informed throughout the year of any changes or additional requirements in relation to financial reporting.

Deliverable

The AR Committee is to provide an annual written statement to the Board addressing:

- whether the Annual Financial Statements (and any additional information required by the Department of Finance) in the AR Committee's view, comply with the PGPA Act, the PGPA Rules, the relevant Accounting Standards and supporting guidance;¹²
- whether the Annual Financial Statements have, in the AR Committee's view, been prepared on the basis of properly maintained financial records;¹³
- the appropriateness of the NTAIC's financial reporting as a whole, with reference to any specific areas of concern or recommendations for improvement.

3.2 Performance Reporting

The AR Committee is to review and provide advice on the appropriateness of the NTAIC's systems, frameworks and procedures for assessing, monitoring and reporting on achievement of the NTAIC's performance, and the completeness and appropriateness of performance reporting.

In particular, the AR Committee is to satisfy itself that the:

- NTAIC's Corporate Plan and Portfolio Budget Statements contain appropriate details of how the NTAIC's performance will be assessed and measured;
- NTAIC's Corporate Plan is appropriately aligned with the NTAIC's Strategic Investment Plan;
- NTAIC's reported performance information is relevant, reliable and complete;
- NTAIC's approach to measuring its 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*;¹⁴
- NTAIC has appropriate systems and processes for preparation of its Annual Performance Statement and inclusion of the Annual Performance Statement in its Annual Report; and
- Annual Performance Statement is appropriate and complete.

Deliverable

The Committee is to provide an annual written statement to the Board addressing the appropriateness to NTAIC of the:

- NTAIC's Annual Performance Statements; and

¹² The *PGPA (Financial Reporting) Rule 2015* requires that the accountable authority (the Board) certifies that the annual financial statements comply with the PGPA Act ss 10(a) and that they have been prepared on the basis of properly maintained financial records and other requirements (PGPA ss10(b) to (g))

¹³ PGPA Act, ss 41(2).

¹⁴ See [Commonwealth Performance Framework | Department of Finance](#)



- NTAIC's performance reporting as a whole, with reference to any areas of concern or suggestions for improvement.

3.3 Performance Outcomes

The AR Committee is to review the NTAIC's performance against:

- the performance criteria and targets set out in its current budget estimates and Corporate Plan;
- the risk tolerance indicators set out in the Risk Management Policy Framework;

Deliverable

The AR Committee is to advise the Board of significant performance trends and risks as appropriate.

3.4 Risk Oversight and Management

The AR Committee is to review and provide advice on the appropriateness of the NTAIC's:

- Risk Management Policy Framework (policies and procedures), including the identification of risk tolerance indicators;
- internal controls for the effective identification and management of the entity's risks, and adherence to the NTAIC's Risk Management Policy Framework;
- Approach to managing key risks – including those associated with investments and grants management;
- Process for developing and implementing the NTAIC's fraud control arrangements consistent with the fraud control framework, and satisfy itself that the NTAIC 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 NTAIC officials.

Deliverable

An annual written statement to the board addressing the appropriateness of the NTAIC's system of risk oversight and management and any specific areas of concern or recommendations for improvement.

3.5 System of internal control

The AR Committee is to review and provide advice on the appropriateness of the NTAIC's:

- **Internal control framework**, including reviewing whether management has appropriate policies and procedures in place, and whether there are appropriate processes in place for assessing whether key policies and procedures are complied with.
- **Legislative and policy compliance**, including reviewing the effectiveness of systems for monitoring the NTAIC's compliance with relevant laws, regulations and associated government policies, and determining whether management has adequately considered legal and compliance risks in the NTAIC's risk management framework, fraud control framework and planning.
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- **Security compliance**, including reviewing management’s approach to maintaining an effective internal security system, and satisfying itself that management periodically reviews the adequacy of its information security arrangements.
- **Internal audit coverage**, including:
 - reviewing the proposed internal audit plan and budget, ensuring that the internal audit plan takes into account the NTAIC’s primary risks;
 - reviewing all internal audit reports and providing advice to the board on major concerns identified in those reports;
 - identifying and disseminating information on good practice;
 - monitoring management’s compliance with internal audit findings; and
 - approving and periodically reviewing an Internal Audit Charter.

Deliverable

The AR Committee is to provide an annual written statement to the Board addressing the appropriateness of the NTAIC’s system of internal control, with reference to any specific areas of concern or recommendations for improvement.

3.6 Oversight of subsidiaries

The AR Committee is to review and provide advice on the appropriateness of the NTAIC’s oversight of any subsidiaries and group corporate governance arrangements.

3.7 Business continuity

The AR Committee should satisfy itself that the NTAIC has taken an appropriate approach in establishing business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

3.8 Ethical and lawful conduct

The AR Committee should satisfy itself that the NTAIC has taken steps to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct.

3.9 External reviews, reports and evaluations

The AR Committee should satisfy itself that the NTAIC has appropriate mechanisms for reviewing relevant external reports, external reviews and evaluations of the NTAIC and, where appropriate, implementing any recommendations.

4. ANAO and Internal Audit attendance

ANAO and Internal Audit representatives will be routinely invited to observe specified agenda items and present at AR Committee meetings to share information and gain insights into the NTAIC’s operations, including:



- the development of audit work plans;
- providing information about the progress and outcomes of the audit by the ANAO of the NTAIC's Annual Financial Statements and Annual Performance Statement;
- management's response to internal and external audit recommendations;
- providing advice to the AR Committee about any significant issues arising from audits.

5. Reporting

The AR Committee is to provide regular, written updates to the Board on its activities, including any matter requested by the Board Chair. In addition, the AR Committee will provide an annual report for the previous twelve month period at a date to be determined by the Board. This annual report will outline key activities taken by the AR Committee to fulfil its functions, and set out the annual attendance record of AR Committee members.

6. Conflicts of interest

The principles and procedures set out in the Board's disclosure of interest policy (see section 7 of the Board Governance Charter) apply to AR Committee members (including external members) to the extent applicable, including but not limited to the following:¹⁵

- It is the responsibility of AR Committee members to disclose any actual, perceived or potential conflict of interest to the AR Committee.
- As part of the annual declaration of interests process, AR Committee members (including external members) must provide written declarations of any personal interests that may actually, or be perceived to, conflict with their AR Committee responsibilities. These will be listed on a Register of Interests.
- If a conflict of interest arises in relation to a matter appearing on the AR Committee's agenda, an AR Committee member must make a declaration as soon as possible, and at the latest before discussion of the relevant agenda item or topic.
- The AR Committee (in the absence of the conflicted member) must determine whether or not the conflicted member is permitted to be present for AR Committee deliberations and if they are permitted to vote on the issue.

7. AR Committee Membership

7.1 Appointments

The AR Committee, including the AR Committee Chair, will be appointed by the Board.

7.2 Term

The Board will determine the term of members taking into account the need for both continuity and the need to periodically refresh the skills and expertise represented on the committee.

¹⁵ PGPA Rule, s 16 provides that officials of a Commonwealth entity who are not members of the accountable authority must disclose any material personal interests in accordance with any instructions given by the accountable authority of the entity.



7.3 Composition

The AR Committee membership will comprise:

- At least three persons who have appropriate qualifications, knowledge, skills or experience to assist the AR Committee to perform its functions;¹⁶
- One independent Director of the NTAIC Board (appointed under ALRA s 65ED(1))¹⁷

AR Committee members cannot be:

- employees of the NTAIC;¹⁸
- the Chair of the Board, the Chief Financial Officer or the CEO of the NTAIC.¹⁹

The CEO, Chief Financial Officer, the Chief Investment Officer, the Chief Operating Officer or any other senior staff member of the NTAIC may attend AR Committee meetings by invitation of the AR Committee, subject to the following conditions:

- they must immediately leave the meeting if requested by the Chair;
- they do not have a right to vote; and
- they keep the proceedings confidential unless otherwise resolved by the Committee.

7.4 Skills and qualifications

Collectively, AR Committee members should possess relevant technical skills, appropriate policy and subject matter knowledge, and a strong understanding of the NTAIC's operating context.²⁰ The AR Committee must contain a combination of members who have appropriate qualifications, knowledge, skills or experience to enable the AR Committee to perform its functions.

Specific skills and experience will be set out in a Skills Matrix approved by the Board and regularly reviewed. The Board may also set out an approach to the rotation of AR Committee members to ensure for a flow of skills and talent, balanced by the need to ensure continuity and the preservation of appropriate knowledge and experience on the AR Committee.²¹

7.5 Role of the Chair

The Board will appoint the Chair of the AR Committee.²² The AR Committee Chair will:

- Ensure the effective implementation of the AR Committee's agenda, work program and deliverables;

¹⁶ PGPA Rule, ss 17(3).

¹⁷ ALRA, s 65FB.

¹⁸ PGPA Rule, ss17(4AA).

¹⁹ PGPA Rule, ss 17(5).

²⁰ Department of Finance, 'A guide for corporate Commonwealth entities on the role of audit committees' (March 2020), 22.

²¹ Department of Finance, 'A guide for corporate Commonwealth entities on the role of audit committees' (March 2020), 22.

²² It is better practice that the Board appoints the Chair. See Department of Finance, 'A guide for corporate Commonwealth entities on the role of audit committees' (March 2020), 23



- Maintain effective relationships with the Board, senior management and other Committee members, including the Australian National Audit Office (ANAO);
- Demonstrate leadership on AR Committee governance issues, including promoting adherence to the Board Code of Conduct; and
- Lead AR Committee discussions and manage meetings in an efficient, effective and inclusive manner.²³

7.6 Attendance

Members are required to attend all meetings in full, excluding any items which may present a conflict of interest in accordance with clause 6 above. AR Committee member attendance will be monitored by the chair and reported to the Board annually.

7.7 Induction

The AR Committee Chair and the CEO are responsible for ensuring comprehensive induction process is delivered for AR Committee members.

8. Conduct of the AR Committee

The Board Code of Conduct applies to members of the AR Committee.

9. Administrative arrangements

9.1 Meetings

The AR Committee will meet no less than four times per year and more frequently as the AR Committee Chair deems necessary. The time between meetings should not exceed four months.

The AR Committee may meet in person, by telephone or internet link, or other comparable technology as approved by the Chair. The Chair may call a private “in-camera” meeting for attendance by Committee members only, or inclusive of invited guests as required.

9.2 Quorum

At least half of all AR Committee members must be present at a meeting for a quorum to be attained.

9.3 Resolutions

Resolutions are passed by the majority of AR Committee members present at a meeting and entitled to vote at a meeting. The Chair does not have a casting vote.

²³ Department of Finance, ‘A guide for corporate Commonwealth entities on the role of audit committees’ (March 2020), 23.



9.4 Out of session decisions

The AR Committee may make decisions out of session by a process of circulating resolutions. Circulating resolutions must be passed by all AR Committee members entitled to vote on the matter. Approval of a circulating resolution may be evidenced by an email containing the AR Committee member's approval of the resolution.

The AR Committee may determine, in writing, other rules or procedures for out of session decision making.

9.5 Annual work plan

The AR Committee will prepare an annual work plan and meeting schedule that outlines the activities to be undertaken to fulfil its functions.

9.6 Secretariat

The NTAIC CEO will ensure adequate resources are allocated to performing the Secretariat function for the AR Committee.

9.7 Meeting agenda and papers

The Secretariat will prepare the agenda for each AR Committee meeting in consultation with the Chair and the CEO, having regard to the annual work plan. Agendas are to be circulated to the AR Committee sufficiently in advance of each meeting.

All papers presented to the AR Committee require the prior approval of the CEO, and papers with financial implications also require the approval of the Chief Financial Officer. Electronic copies of papers will be circulated to AR Committee members at least ten working days in advance of the scheduled meeting, or otherwise as soon as possible.

9.8 Minutes

The AR Committee will consider and verify minutes at its next meeting. The Chair is to sign verified minutes as soon as practicable after consideration by the AR Committee.

9.9 Travel

AR Committee members are required to comply with the travel arrangements for Board Directors as set out in the Board Governance Charter section 10.

10 Remuneration

The Remuneration Tribunal will determine the remuneration of members of the AR Committee. In the absence of a determination the remuneration will be determined by the Minister in the NTAI Corporation rules. AR Committee allowances will be prescribed in the NTAI Corporation rules. [UPDATE once progressed]

11 Review arrangements



NTAIC
Northern Territory Aboriginal
Investment Corporation



The AR Committee will review this Charter annually and forward any proposed amendments for the consideration of the Board. The AR Committee will review its performance every two years, and this review may be conducted internally or externally.

Resources

[Model-charter-for-audit-committees.pdf \(finance.gov.au\)](#)

[A guide for CCEs on the role of audit committees 0.pdf \(finance.gov.au\)](#)

PGPA rule: [Public Governance, Performance and Accountability Rule 2014 \(legislation.gov.au\)](#)