# Part 6: Toolkit

The toolkit contains a number of templates that public sector entities may find useful to help establish and maintain an effective audit committee. The templates help to promote the better practice principles included in the guide and are designed to be easily tailored to meet the entity’s specific circumstances.

Entities should take care to modify the tools to reflect their legal or regulatory requirements. For example, local government entities will need to adapt these templates to address the specific requirements of the *Local Government Act 1995* and relevant regulations.

These tools may be updated from time to time. Please check our website for the latest version.

### List of tools

1. Example audit committee charter
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## Tool 1 Example audit committee charter

The following example is designed to assist accountable authorities and audit committees develop an audit committee charter that reflects our better practice principles.

Source: OAG using information from the Institute of Internal Auditors Australia and Australian National Audit Office

**ENTITY NAME**

**AUDIT [AND RISK ASSURANCE[[1]](#footnote-1)] COMMITTEE CHARTER**

### Role

The accountable authority has established the audit committee under [Insert the related legislative/regulatory reference].

The audit committee assists the accountable authority in fulfilling their oversight responsibilities in relation to systems of risk management and internal control, the entity’s processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit. The audit committee is not responsible for the management of these functions.

The audit committee will engage with management in a constructive and professional manner to perform its oversight responsibilities. The Chair of the audit committee is responsible to, and reports to the accountable authority.

Members of the audit committee are expected to:

* understand the legal and regulatory obligations of the accountable authority for governing the entity
* understand the department’s/statutory authority’s/council’s governance arrangements that support achievement of the department’s/statutory authority’s/council’s strategies and objectives
* exercise due care, diligence and skill when performing their duties
* adhere to the entities code of conduct and the code of ethics of any professional body which they are a member of
* help to set the right tone in the entity by demonstrating behaviours which reflect the entity’s desired culture
* be aware of contemporary and relevant issues impacting the public sector
* only use information provided to the audit committee to carry out their responsibilities, unless expressly agreed by the accountable authority.

To help support the audit committee’s role in overseeing the internal audit function, the Chief Audit Executive will functionally report to the audit committee.

The audit committee will prepare an annual work plan that outlines when it will perform key activities, in consultation with the accountable authority.

### Authority

The accountable authority authorises the audit committee, in accordance with this Charter, to:

* obtain any information it requires from any official or external party (subject to any legal obligation to protect information)
* discuss any matters with the internal auditors, Office of the Auditor General (OAG), or other external parties (subject to confidentiality considerations)
* request the attendance of any official, including the accountable authority, at audit committee meetings
* obtain legal or other professional advice when necessary to fulfil its role, at the entity’s expense, subject to approval by the accountable authority or delegate
* provide advice to the accountable authority on the appointment and replacement of the chief audit executive of the department/statutory authority/council.

The audit committee may undertake other activities as requested by the accountable authority.

### Membership

The audit committee comprises [insert number/up to] members of whom [insert number/at least] must be independent, appointed by the accountable authority. The committee will be led by an independent Chair, appointed by the accountable authority. The Chair will be appointed for an initial period of [insert number of years] and may be extended or reappointed for further periods as determined by the accountable authority.

Audit committee members will be appointed for an initial period of [insert number of years] as determined by the accountable authority.

The accountable authority will review the membership of the committee every [insert number of years] to ensure that there is an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience. The accountable authority may choose to re-appoint members based on their ability to contribute to the work of the audit committee. However, the total length of time a member can sit on the committee will not exceed [insert number of years].

The accountable authority may remove an audit committee member at any time before their term expires, or a member may resign.

Audit committee members will collectively have a broad range of skills and experience relevant to the operations of the department/statutory authority/council. At least one member of the audit committee will have accounting or related financial management experience, with an understanding of accounting and auditing requirements in the public sector. To support the skills and experience of committee members, the committee will implement an induction and training program for new members.

The audit committee may invite the accountable authority, chief executive officer, chief financial officer, chief information officer, chief audit executive, or other management representatives to present information and participate in the meeting. An officer from the OAG will be invited to attend audit committee meetings as an observer.

The audit committee will be administratively supported by a secretary who is appointed by management.

### Responsibilities

The audit committee will be responsible for the following:

|  |
| --- |
| The following part of the model charter provides an extensive list of many functions that the audit committee can perform. It is not intended that entities copy all of the functions in these lists. Instead, the accountable authority should review and modify the functions to suit the entity. It is important that the accountability authority and the audit committee agree on these functions. |

#### Risk management, fraud and internal control

The audit committee oversees the entity’s system of risk management and internal controls. Its responsibilities include, but are not limited to:

* providing oversight on significant risk exposures and control issues, including fraud risks, governance issues and other matters as necessary or requested by senior management and the accountable authority
* considering the impact of department’s/statutory authority’s/council’s culture on risk management and internal controls
* annually reviewing the department’s/statutory authority’s/council’s assurance map to ensure that risk and control activities are coordinated, communicated and managed effectively
* annually reviewing the department’s/statutory authority’s/council’s risk management framework
* monitoring changes in government strategies, the economic and business environment and other trends and factors related to the department/statutory authority/council’s risk profile. This includes meeting periodically with key management, internal auditors, the OAG, and compliance staff, to understand and discuss the impact of these changes or trends on the risk profile
* reviewing whether the department/statutory authority/council has an effective risk management framework, and, based on knowledge and understanding of the entity’s risks, that material business risks are appropriately reflected in the risk profile and reported to the accountable authority
* reviewing and assessing the effectiveness of processes for identifying, managing, treating and mitigating the department/statutory authority/council’s risks and ensuring that remaining risks align with the entity’s risk appetite. The committee should prioritise risks involving:
	+ significant business risks, including environmental and occupational health and safety risks
	+ potential non-compliance with laws, regulations and standards
	+ fraud and theft
	+ litigation and claims.
* considering the adequacy and effectiveness of internal controls and the risk management framework by:
* reviewing reports from management, internal audit, consultants, regulators and the OAG
* ensuring risk registers consider risks that may impact whether the entity will achieve its strategic objectives
* reviewing management’s response to IT risks, including cyber risks
* monitoring management responses and ensuring timely correction actions are taken by management
* understanding the process of managing insurable risks and assessing whether the department/statutory authority/council has adequate insurance cover for these risks
* assessing the effectiveness of, and compliance with, the entity’s code of conduct
* assessing whether management has controls in place for non-routine types of transactions and/or any potential transactions that might carry an unacceptable degree of risk
* enquiring with management and the OAG regarding their assessment of the risk of material misstatement in the financial report due to fraud
* enquiring with management, internal auditors and the OAG about whether they are aware of any actual, suspected or alleged fraud or corruption affecting the department/statutory authority/council including the entity’s response to the matters
* reviewing the department/statutory authority/council’s processes and systems to detect, capture and respond to fraud risks, including preventative measures
* reviewing the business continuity planning process and be assured that material risks are identified and appropriate business continuity plans, including disaster recovery plans, are in place.
* reviewing summary reports from management on all suspected, alleged and actual frauds, thefts and breaches of laws and ensuring these are reported to the accountable authority and/or relevant authorities
* reviewing summary reports from management on communication from external parties including regulators that indicate problems in the internal control system or inappropriate management actions
* liaising with other subcommittees on matters relating to risk management, fraud and internal control
* [for entities who use a shared service arrangement] reviewing comfort letters and other assurance reports regarding the effectiveness of controls managed by shared service providers on behalf of the entity.

#### Internal audit

The audit committee is responsible for guiding and overseeing the activities, resources and structure of the internal audit function. The audit committee’s responsibilities include, but are not limited to:

* annually reviewing internal audit’s mission, resources and budget and protecting internal audit’s independence from management
* reviewing the internal audit structure, composition, skills and experience, service delivery model, independence and access to the accountable authority/board of directors
* advising the accountable authority on the appointment and replacement of the chief audit executive
* advising the accountable authority on the adequacy of internal audit resources or budget to perform the approved internal audit plan
* ensuring that the internal audit function, through the chief audit executive, has a direct reporting relationship with the audit committee and accountable authority (functional reporting relationship) and has access to all levels of management needed to perform their duties
* monitoring internal audit’s participation in non-assurance roles to assess whether it impacts their independence or interferes with the delivery of the internal audit program
* assessing the internal audit plan to ensure that it comprehensively covers material business risks that may threaten the achievement of strategic objectives and allows internal audit to assess culture
* reviewing and recommending the approval of the internal audit plan and work program by the accountable authority
* communicating the audit committee’s expectations to the chief audit executive in writing through the internal audit charter
* reviewing the internal audit charter annually for the accountable authority’s approval
* reviewing the quality and timeliness of internal audit reports
* considering the implications of internal audit findings on the business, its risks and controls
* monitoring management’s implementation of internal audit recommendations
* monitoring the progress of the internal audit plan and work program
* monitoring the quality of internal audit services delivered and compliance with the Institute of Internal Auditors’ International Professional Practices Framework
* overseeing the coordination of planned activities between the 4 lines of defence
* reviewing the annual report from the chief audit executive or the internal audit service provider on the overall state of the department/statutory authority/council’s internal controls
* ensuring that internal audit has complete and timely access to all accounts, information, documents and records of the entity as needed to effectively perform their duties. This also includes discussing whether management was cooperative and provided timely responses to internal audit requests
* meeting privately with the chief audit executive at least once per year.

#### Compliance and ethics

The audit committee oversees the department/statutory authority/council’s processes to ensure compliance with relevant laws and regulations and for promoting a strong governance culture within the entity. This includes, but is not limited to:

* understanding the department/statutory authority/council’s compliance framework including its obligations, the officers responsible for compliance activities and management oversight and review of these processes
* considering the impact of department/statutory authority/council’s culture on compliance processes
* overseeing compliance by reviewing arrangements that monitor the impact of changes in key laws, regulations, internal policies and accounting standards affecting the department/statutory authority/council’s operations
* reviewing management’s investigation of non-compliance matters and obtaining assurance from management that appropriate follow-up action was taken
* obtaining updates from management on matters of compliance and ethical matters that may have material impact on the department/statutory authority/council’s financial statements, strategy, operations, health and safety or reputation
* reviewing and monitoring related party transactions and conflicts of interest
* enquiring with management, internal audit and the OAG on their assessment of the compliance culture, the risk of non-compliance, or whether they have any knowledge of any actual, suspected or alleged non-compliance affecting the entity
* overseeing complaints management and whistleblowing policies to ensure that they are recorded and actioned effectively
* reviewing the department’s/statutory authority’s/council’s processes for communicating, and assessing the effectiveness of, the entity’s code of conduct
* meeting with management to discuss regulatory compliance matters the department/statutory authority/council has considered in the preparation of the financial statements, such as compliance with accounting standards.

#### Financial and performance reporting

The audit committee oversees the integrity of financial and performance reporting processes within the entity. The committee’s responsibilities include:

* reviewing the financial statements and providing advice to the accountable authority about whether they should be signed by the accountable authority. The review includes assessing:
* whether the financial statements are consistent with the knowledge of the audit committee members
* whether the financial statements comply with [Insert the related legislative/regulatory reference]
* whether the financial statements accurately reflects the entity’s financial position and performance, and if not, whether additional disclosures are required
* the appropriateness of accounting policies and disclosures, including changes to accounting policies
* areas of significant judgement, estimation and significant or non-routine transactions
* whether appropriate management action has been taken in response to any issues raised by the OAG, including financial statement adjustments or revised disclosures
* the quality of the entity’s processes for preparing the financial statements, including how management has checked that they comply with relevant requirements
* significant issues, errors or discrepancies in the draft financial statements and ensuring members understand the reasons why these occurred
* the representation letter to be provided to the OAG to confirm that the assertions, including any immaterial errors collated during the audit, are appropriate.
* acting as a forum for communication between management and the OAG
* reviewing the entity’s process to ensure the financial information included in the annual report is consistent with the audited financial statements
* [For State government entities only] reviewing the entity’s systems and procedures for assessing and reporting on the department’s/statutory authority’s performance through key performance indicators. This includes determining whether:
* the key performance indicators are relevant and appropriate to assess the entity’s performance and take into account guidance issued by the Department of Treasury
* the department/statutory authority has sound processes and controls for measuring and reporting on key performance indicators in its annual report
* the key performance indicators are consistent with the entity’s financial information, including its financial statements, that it proposes to include in its annual report
* there are reasonable disclosures to explain why there is a significant variation in performance.

#### External audit

The audit committee is responsible for communicating and liaising with the OAG. This includes understanding the results of financial and performance audits conducted within the entity and overseeing whether recommendations are implemented by management. The committee’s responsibilities include, but are not limited to:

* meeting with the OAG to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting)
* discussing with the OAG any significant resolved or unresolved disagreements with management
* monitoring and critiquing management’s response to OAG findings and recommendations
* reviewing reports from the OAG including auditor’s reports, closing reports and management letters
* reviewing all representation letters signed by management to assess whether the information appears complete and appropriate
* meeting with the OAG at least once per year without management presence. At this meeting, the committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses
* reviewing performance audits conducted at the entity and ensuring that agreed recommendations are implemented
* monitoring the relationship between internal auditors and the OAG
* reviewing results of relevant OAG audit reports and better practice publications for guidance on good practices, including any self-assessment by management
* reviewing the form and content of the proposed auditor’s report on the entity’s financial and performance report. This may include any proposed modification, emphasis of matter, key audit matters, other matters and uncorrected misstatements in other information.

#### Other responsibilities

Perform other activities related to the role of this charter as requested by the accountable authority.

### Administrative responsibilities

#### Meetings

The audit committee will meet at least 4 times a year or more frequently as necessary, depending on the size and complexity of the entity.

The Chair is required to call a meeting if asked to do so by the accountable authority. If a meeting is requested by another audit committee member, OAG or chief audit executive, the Chair will decide whether the meeting is necessary.

The Chair will oversee the planning and conduct of meetings including the approval of the agenda and draft minutes, and reporting to the accountable authority.

A quorum will consist of a majority of committee members. Where there is more than 1 external member on the audit committee, a quorum will include at least 1 external member. The quorum must be in place at all times during the meeting.

#### Secretariat

The accountable authority, in consultation with the audit committee, will formally appoint an officer to provide secretariat services to the committee. The secretariat will provide services as required by the audit committee that includes:

* preparing a meeting agenda for each meeting that is approved by the Chair
* circulating the meeting agenda and supporting papers at least 1 week before the meeting
* preparing minutes of the meetings and circulating them no later than 2 weeks after the meeting
* maintaining final meeting papers and minutes in accordance with the recordkeeping requirements of the department/statutory authority/council.

#### Independence and conflicts of interest

The audit committee must be independent from management of the department/statutory authority/council. Once a year, audit committee members will provide written declarations of any actual or perceived conflicts of interest to the accountable authority.

External members should consider past employment, consultancy arrangements and related party issues when making these declarations to the accountable authority. In consultation with the Chair, the accountable authority should be satisfied that there are sufficient processes in place to manage any actual, perceived or potential conflicts of interest.

At the start of each audit committee meeting, members are required to declare any personal interests that may apply to specific matters on the meeting agenda. The Chair, in consultation with the accountable authority where appropriate, is responsible for deciding if the members should excuse themselves from the meeting or from the audit committee’s consideration of the relevant agenda item(s).

Details of any personal interests declared by the Chair and other audit committee members, and actions taken to manage the conflicts, should be appropriately recorded in the meeting minutes and the department/statutory authority/council register of conflicts of interest in accordance with its policy.

#### Audit committee performance assessment arrangements

The Chair of the audit committee, in consultation with the accountable authority, will review the performance of the audit committee annually, together with the annual review of this charter.

The review is performed using the approved assessment tool with appropriate input from the accountable authority, committee members, senior management, chief audit executive, and any other relevant stakeholders.

The Chair will provide advice to the accountable authority on the members’ performance, particularly for external members, or members where an extension of tenure is being considered.

The Chair will always consider the costs and benefits of the activities that the audit committee performs.

#### Reporting

The audit committee will, as often as necessary, and at least once a year, report to the accountable authority on its operations and activities during the year and confirm to the accountable authority that all functions outlined in this charter have been satisfactorily addressed.

The audit committee may at any time, report to the accountable authority on any other matters it deems to be sufficiently important. In addition, any individual audit committee members may request a meeting with the accountable authority at any time.

#### Review of charter

The audit committee will ensure that this charter complies with relevant legislative and regulatory requirements and will propose amendments when necessary to ensure that it accurately reflects the committee’s current role and responsibilities.

The audit committee will review this charter once a year and more frequently if required. The review will include consultation with the accountable authority. Any substantive changes to the charter will be recommended by the audit committee and formally approved by the accountable authority.

Endorsed: Approved:

Audit committee Chair Accountable Authority

[Signature] [Signature]

[Date] [Date]

## Tool 2 Audit committee member induction checklist

This checklist includes a list of activities the Chief Audit Executive can use for inducting new audit committee members.

Source: OAG using information from the Institute of Internal Auditors Australia

| **Activity** | **Completed**  |
| --- | --- |
| Authority, composition and meetings |
| Meet with all members of executive management. |  |
| Read and understand the audit committee and internal audit charters. |  |
| Read audit committee minutes for the last 3 years. |  |
| External reporting |
| Read and understand the entity’s summary of significant accounting policies and significant judgements made in preparing the financial statements. |  |
| Read and understand management’s summary of processes for monitoring compliance with laws, regulations and other requirements. |  |
| Read and understand the entity’s processes for reporting to regulatory or oversight bodies (if any). |  |
| Read and understand the entity’s main corporate governance practices reported in its annual report for the last 3 years. |  |
| Read the financial reports and any associated non-financial disclosures for the past 3 years. |  |
| External audit |
| Meet with the senior members of the OAG financial audit team. |  |
| Read and understand the OAG’s findings and recommendations, and management’s response, for the last 3 years. This includes performance audits conducted at the entity. |  |
| Internal audit |
| Meet with the Chief Audit Executive (head of internal audit) and key audit team members (in-house, or outsourced firm partners and managers). |  |
| Read and understand internal audit’s mission, including its resources and budget structure. |  |
| Read and understand the internal audit plan for the last 3 years. |  |
| Understand the audit committee’s expectations of the Chief Audit Executive. |  |
| Read and understand all internal audit’s findings and recommendations which remain unresolved. |  |
| Read a sample of audit reports prepared by the internal audit area during the last 3 years. |  |
| Read and understand the process the entity has in place for monitoring and assessing the effectiveness of the internal audit function. |  |
| Read and understand the process for coordinating the planned activities of internal audit and the OAG, and risk and compliance management. |  |
| System of internal control and risk management |
| Meet with the Chief Risk Officer. |  |
| Read and understand the risk management framework, assurance mapping and strategic plan. |  |
| Meet with the Chief Information Officer to discuss information security processes and controls. |  |
| Read and understand information related to the entity’s identified tolerance for risk. |  |
| Read and understand entity processes for identifying and managing material risks including business, financial, legal and compliance risks. |  |
| Read summary reports from management on all suspected, alleged and actual frauds, thefts and material breaches of laws for the last 3 years. |  |
| Compliance and ethics |
| Read and understand the entity’s processes for managing complaints and whistleblowing.  |  |
| Read significant issues, independent investigations and disciplinary action as reported to the accountable authority in the last 3 years. |  |
| Attend a briefing or training on public sector probity and accountability requirements, including ethical considerations.  |  |
| Fraud |
| Read and understand the entity’s fraud prevention and detection framework and monitor suspected, alleged and actual instances of fraud. |  |
| Read any instances of fraud reported during the last 3 years. |  |
| Related-party transactions |
| Read and understand processes for related-party transactions. |  |
| Read related-party transaction reporting for the last 3 years. |  |
| Governance framework |
| Read and understand the governance framework and charter of the entity’s other committees.  |  |
| Read and understand the organisational structure. |  |
| Read and understand the entity’s delegation schedule/register.  |  |

## Tool 3 Meeting preparation checklist

This checklist is to assist the secretariat in planning audit committee meetings. It’s important to plan the date for each activity, working backwards from the meeting date, to ensure timely distribution of meeting papers to members and attendees.

Source: Australian National Audit Office

**[Entity’s name] Audit committee meeting**

**Meeting preparation checklist**

**Meeting Date:** [insert date]

| Audit Committee meeting | Planned Date | Completed Date |
| --- | --- | --- |
| Members and observers’ attendance confirmed. |  |  |
| Room and required equipment booked (including ‘members only’ session). |  |  |
| Chair and Chief Audit Executive discuss draft agenda based on committee work program and priority risks and issues |  |  |
| Draft agenda circulated to Chair and members. |  |  |
| Agenda confirmed with Chair  |  |  |
| Required papers collated. This includes, as appropriate: |  |  |
| * list of attendees and apologies
 |  |  |
| * minutes of previous meeting for review and confirmation
 |  |  |
| * updated audit committee action item list with the status of actions arising from the previous meeting minutes
 |  |  |
| * relevant information/papers from management
 |  |  |
| * reports from internal audit
 |  |  |
| * status report on implementation of previous internal and external audit, consultant and regulator report recommendations
 |  |  |
| * reports from the OAG
 |  |  |
| * compliance audit return (for local government entities)
 |  |  |
| * report from the Chief Executive Officer under Regulation 17 of the Local Government (Audit) Regulations 1996 (local government entities)
 |  |  |
| * reports prepared under section 7.12A of the *Local Government Act 1995* (local government entities)
 |  |  |
| * other papers/information as reflected in the audit committee annual work plan.
 |  |  |
| All papers marked with appropriate security classification. |  |  |
| Agenda and papers distributed to members and attendees at least 7 days prior to meeting. |  |  |
| Draft minutes prepared and circulated to members within 14 days of meeting. |  |  |
| Revised minutes, reflecting changes made by committee members, sent out for final review.  |  |  |

## Tool 4 Meeting agenda template

This tool provides an example agenda for an audit committee meeting. The agenda should be based on the committee’s annual work program, with flexibility for additional emerging risks and issues.

Source: OAG

[Entity’s Letterhead]

**[Entity’s name] Audit Committee Meeting**

**[Date and time]**

**[Venue]**

**Attendees**

|  |  |
| --- | --- |
| Name  | Role / Position |
| Committee members: |
| 1. [List attendees and apologies – include name, state if Chair or secretary and if external or internal member]
 |  |
| Observers |
| 1. [List attendees and apologies – include name and position]
 |  |
| Apologies |
| 1. [List attendees and apologies – include name and position]
 |  |

| **Agenda**  | **Owner (Insert name)** | **Action (Noting, Discussion, Approval)**  |
| --- | --- | --- |
| 1. Welcome and apologies
 |  |  |
| 1. Confirmation of minutes
 |  |  |
| 1. Declaration of conflicts of interest by audit committee members and observers
 |  |  |
| 1. Issues brought forward from previous meeting
 |  |  |
| 1. Action items from previous meeting
 |  |  |
| 1. Reports to be tabled (refer to annual work plan)
* Risk management
* Internal control
* Internal audit
* Compliance
* Financial reporting
* Performance reporting
* External audit
* [name other items].
 |  |  |
| 1. Status of recommendations from internal audit, OAG and consultant or regulator reports
 |  |  |
| 1. Review of audit committee charter (annual item)
 |  |  |
| 1. Assessment of audit committee performance (annual item)
 |  |  |
| 1. Review of annual work plan

(to identify issues and prepare for next meeting) |  |  |
| 1. Other business
 |  |  |
| 1. Next meeting
 |  |  |
| 1. Meeting close
 |  |  |

## Tool 5 Characteristics of effective meetings

This tool contains guidance on how to conduct an effective meeting. Audit committees can use this guidance to assess how well the meeting was run.

Source: OAG

Characteristics of an effective meeting include a combination of the following:

### Pre-meeting

* the audit committee Chair discusses key issues with the chief audit executive and approves the agenda before it is issued and members agree on key discussion points for each agenda item at the beginning of each meeting (‘starring’ of key items)
* meeting papers are presented in an agreed form and provided to audit committee members at least 1 week prior to the meeting. Meeting papers may need to be distributed to members earlier when there are complex matters to be discussed or approved
* each member is briefed before each meeting by the audit committee secretariat on major issues
* agenda items clearly indicate what action is required from the audit committee members, such as discussion, noting, endorsement, approval, presentation. This ensures that audit committee members know what is required at the meeting
* the Chair and Chief Audit Executive meet before each meeting to discuss the agenda and any priority issues they wish to discuss with management.

### Meeting

* the audit committee meets privately before each meeting to discuss issues without management and other observers present
* meetings facilitate open and robust discussions
* all members are responsible for effective meetings and raising continuous improvement opportunities to the Chair, when identified
* meetings are not used to edit documents received by the committee for approval or endorsement. Minor edits should be provided to the Secretariat before or after the meeting
* at the start of each meeting, members declare any actual, potential or perceived conflicts of interest that they have with any agenda item
* any private meetings (i.e. with internal auditors or the OAG) should be held at the start or end of the meeting
* all audit committee members have read, and engaged with the meeting papers prior to the meeting
* important or contentious agenda items are first on the agenda to ensure that they are addressed in the meeting
* members reflect on what went well, or what needs improvement.

## Tool 6 Annual work plan template

The following tool is an example of an annual work plan for audit committees to help schedule activities across the year. A minimum of four meetings per annum is recommended, often with a fifth focussed meeting for the financial statements.

Source: OAG using information from the Australian National Audit Office

**[Entity Name] Audit Committee Annual Work Plan 202X- 202X[[2]](#footnote-2),**

| **Functions, responsibilities and associated activities** | **Mar** | **Jun** | **Aug** | **Sept** | **Dec** |
| --- | --- | --- | --- | --- | --- |
| 1. Governance arrangements |
| If required by the accountable authority, review the entity’s governance arrangements or elements of the arrangements and suggest improvements where appropriate. |  | X |  |  |  |
| Ensure that appropriate mechanisms are in place to review and implement relevant parliamentary committee reports, external reviews and evaluations of the entity, and recommendations arising from these reports and reviews. | X |  |  |  |  |
| **2. Risk management** |
| Review the risk management framework, risk register and fraud and corruption control plans to see that the risks represent and address the current environment and strategic direction of the entity, and meet legislative compliance and better practice principles. | X |  |  |  |  |
| Consider the findings of the entity’s occupational work health and safety reviews and enquire of management the arrangements to address these. |  |  |  | X |  |
| Consider emerging risks and current issues arising from major projects. | X | X |  | X | X |
| Determine whether the entity has a sound and effective approach for business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested. |  |  |  |  | X |
| Review reports on fraud that outline any identified allegations of fraud, the status of any ongoing investigations and any changes to identified fraud risk. | X | X | X | X | X |
| **3. System of internal control** |
| Review management’s approach to maintaining an effective system of internal control. This should include internal controls in relation to functions performed by external parties such as shared services providers, contractors and advisers. | X |  |  |  |  |
| Obtain management assurances on the adequacy of internal controls and compliance by staff.  |  | X |  |  |  |
| Review advice from work areas e.g. human resources, finance and information technology on incidents where there was a breakdown in internal controls.Consider standing reports from CFO, CIO and HR on key risks, issues and incidents at each meeting except the financial statement meeting.  | X |  |  |  | X |
| Consider how findings in internal audit and OAG audit reports impact on the entity’s internal controls.  |  | X | X |  |  |
| Satisfy itself that management periodically assesses the adequacy of information security arrangements. |  | X |  |  |  |
| Review whether appropriate policies and procedures are in place for the management and exercise of delegations. |  | X |  |  |  |
| Review the assurance map. | X |  |  |  | X |
| Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour. | X |  |  |  |  |
| **4. Compliance and ethics** |
| Review the effectiveness of processes to monitor compliance with relevant laws and regulations. | X |  |  |  | X |
| **5. Internal audit** |
| Review the proposed internal audit plan for the next financial year, ensuring the coverage is aligned with key risks and recommend approval of the internal audit plan by the accountable authority. |  | X |  |  |  |
| Review progress of the internal audit plan. | X | X |  | X | X |
| Review internal audit reports and provide advice to the accountable authority on significant issues identified and actions required. | X | X | X | X | X |
| Review the implementation status of internal audit recommendations. | X | X | X | X | X |
| Review the *Internal Audit Charter* to ensure appropriate authority, access and reporting arrangements are in place. | X |  |  |  |  |
| Review the performance of internal audit. |  |  |  | X |  |
| Advise the accountable authority on the adequacy of internal audit resources and budget to carry out responsibilities, including completion of the audit work plan. | X |  |  |  |  |
| Meet privately with the Chief Audit Executive. | X |  |  |  |  |
| Provide advice to the accountable authority on the appointment of internal audit service providers (if applicable). |  | X |  |  |  |
| **6. Financial reporting** |
| Receive advice on changes in accounting standards, legislation, and regulations. | X | X |  | X | X |
| Review progress in preparing the financial statements against the preparation plan/timetable.  | X | X |  |  |  |
| Review briefing from management on significant emerging issues, judgements and estimates impacting the financial statements. Review accounting policy papers on key matters prior to management’s provision to OAG. |  | X |  |  | X |
| Review financial management reports, where required. | X |  | X |  | X |
| Review of financial statements including: |  |  | X |  |  |
| * consistency with members’ understanding and knowledge of the entity
 |  |  | X |  |  |
| * review compliance with accounting standards, *Financial Management Act 2006*, Treasurer’s Instructions, *Local Government Act 1995* and relevant regulations
 |  |  | X |  |  |
| * review the appropriateness of accounting policies including any significant changes in policies
 |  |  | X |  |  |
| * review areas subject to significant judgement and/or estimates
 |  |  | X |  |  |
| * review significant or non-routine transactions
 |  |  | X |  |  |
| * review the CFO certification in relation to the quality of the financial statements, internal controls and compliance (State government entities)
 |  |  | X |  |  |
| * review draft management representation letter
 |  |  | X |  |  |
| * review whether management has addressed issues raised by the OAG including financial statement adjustments or revised disclosures
 | X | X | X | X | X |
| * discuss the adequacy of the entity’s accounting policies and quality of processes for preparing the financial statements with the OAG
 |  |  | X |  |  |
| * draft the advice to the accountable authority recommending the signing of the financial statements and management representation letter.
 |  |  | X |  |  |
| Discuss lessons learned from the current year financial statement process and the proposed strategy and timetable for next year. |  |  |  |  | X |
| Review the processes for ensuring that financial information included in the annual report is consistent with the audited financial statements. |  |  | X |  |  |
| **7. Performance reporting (mainly State government entities)**  |
| Review systems and procedures for developing, measuring and reporting the entity’s key performance indicators. |  | X | X |  |  |
| Review the key performance indicator results and associated disclosures to ensure they are reasonable, clearly disclosed and consistent with financial and other information about the entity’s performance. |  |  | X |  |  |
| Review whether key performance indicators are consistent with members’ understanding and knowledge of the entity. |  |  |  |  |  |
| Ensure that there are adequate documentation and records to support the measurement of key performance indicators. |  | X | X |  |  |
| **8. External audit (OAG)** |
| Discuss OAG audit planning summary for financial audits. | X |  |  |  |  |
| Receive OAG updates on issues arising from financial or performance audits. | X | X | X | X | X |
| Review the OAG interim management letter for the financial audit and assess the appropriateness of management’s responses to recommendations. |  |  | X |  |  |
| Discuss OAG exit brief and final management letter for the financial audit and assess the appropriateness of management’s responses to recommendations. |  |  |  | X |  |
| Review the status of implementation of OAG financial and performance audit recommendations. | X | X | X | X | X |
| Review form and content of the OAG draft audit report. |  |  | X |  |  |
| Satisfy itself that the appropriate mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities. | X |  |  |  |  |
| Meet annually with OAG without management present. |  |  |  | X |  |
| **9. Committee operations** |
| Provide a report to the accountable authority on audit committee operations and activities. |  |  |  |  | X |
| Conduct an assessment of the performance of the audit committee and ensure that the committee complies with its charter.  |  |  |  |  | X |
| Agree on the annual work plan; and set priority areas for the coming year. | X  |  |  |  |  |
| Review the audit committee charter and recommend any substantive changes to the accountable authority.  | X  |  |  |  |  |

## Tool 7 Audit recommendations progress report template

This template is designed to assist audit committees with monitoring the implementation of recommendations from the OAG, internal audit and external reviews, including consultant and regulator reports. Audit committees should review this report at every audit committee meeting.

Source: OAG

(Name of Entity)

### Objective

This report is to provide the audit committee with an update on the progress of actions taken by management to implement audit recommendations. The information is to help the audit committee monitor the timeliness of agreed actions and understand the reasons for any delay.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Source and year (Internal audit/ the OAG / other external reviewer’s name) | Report date  | Recommendation [record details] | Risk rating | Manager responsible  | Original completion date  | Revised completion date | Status | Management Comments on action taken |
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## Tool 8 Review of OAG audit reports template

Entities can use the following template to capture information from OAG published audit reports to help self-assess their performance.

Source: OAG

### Objective

This table is to inform the audit committee about audit recommendations from the OAG audits that may be relevant and beneficial for the entity to help identify risks and improvement opportunities.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of the audit report (include link to the report) | Finding or recommendation | Impact to the entity (describe if this applies to your entity)  | Entity’s existing policy, framework, procedures that manage the related risk  | Action taken (describe the action taken by the entity or if no action required, provide justification) |
|  |  |  |  |  |
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|  |  |  |  |  |

1. Most public sector entities do not have a separate sub-committee for overseeing risk management in the entity. It is therefore common for the audit committee to take on this role. [↑](#footnote-ref-1)
2. The marking of ‘X’ is an example only. [↑](#footnote-ref-2)