



ANSTO Board: Risk and Audit Committee Charter

AB-2098

Purpose

The ANSTO Risk and Audit Committee (RAC or Committee) has been established by the ANSTO Board to assist it in fulfilling its responsibilities under the *Australian Nuclear Science and Technology Organisation Act 1987 (ANSTO Act)* and the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and associated Rules.

Responsibilities of the Committee

The RAC is responsible for providing independent oversight, advice and assurance to the Board on the appropriateness of ANSTO's systems of risk oversight and management, financial reporting processes, performance reporting arrangements, systems of internal control, and systems to ensure compliance with relevant laws and policies.

Risk and Risk Management Framework Oversight

- Review the adequacy and effectiveness of ANSTO's risk management framework and related processes to support the achievement of objectives, decision-making and risk behaviours and provide a standardised way of practising risk management and a roadmap to improve risk management maturity.
- Oversee the effective implementation of ANSTO's risk management framework, including the arrangements for incident and emergency management, crisis management, business continuity and recovery.
- Recommend to the Board for approval ANSTO's organisation wide risk management framework, risk appetite and risk tolerance.
- Monitor the organisations risk profile, including exposure to ongoing and emerging risks, assuring management has taken appropriate action so that it remains within appetite.
- Review whether Management has adequately developed risk management capability in ANSTO and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to in the organisation.
- Review the process for developing and implementing ANSTO's fraud control arrangements and the processes for fraud prevention, detection and response. Obtain regular updates from Management regarding alleged fraud incidents.
- Provide an annual statement to the Board on the appropriateness of the system of risk oversight and management and any specific areas of concern or suggestions for improvement.

Internal Control

- Review whether management has appropriately addressed any internal control recommendations made by internal audit and the external auditor.
- Evaluate the process for assessing the appropriateness, effectiveness and efficiency of, and continuously improving the system of internal controls, particularly those related to areas of significant risk.
- Review the effectiveness of systems for monitoring compliance with laws, regulations and associated government policies and directives.

Internal Audit

- Approve the Annual Internal Audit Plan, ensuring that it is risk based and makes provision for appropriate co-ordination with external auditors.
- Monitor the implementation of the Annual Internal Audit Plan, including any restrictions on scope of activities, or significant disagreements with management.
- Periodically review the Internal Audit Charter and the effectiveness, performance, structure and resourcing of internal audit.
- Meet separately with the Chief Risk and Assurance Officer to discuss any matters in camera privately, at least twice each financial year.

- Receive and review audit reports, including management responses to significant audit issues raised.
- Ensure significant findings and recommendations made by internal audit are tabled and discussed, and review the implementation of agreed actions to see if they are addressed in a timely manner.
- Ratify the appointment and termination of the Chief Risk and Assurance Officer.
- Report yearly to the Board on the appropriateness of the entity's systems for internal control, with reference to any specific areas of concern or suggestions for improvement.

Financial Reporting

- Review the adequacy of the financial reporting process implemented by Management and the annual financial statements to determine whether they meet all relevant requirements, are complete and policies are consistently applied.
- Assure itself that any significant adjustments, unadjusted differences and disagreements with Management that result from the financial statement audit, along with any critical accounting policies and practices, have been discussed with the external auditor.
- Obtain the relevant representations from Management as to the preparation of the financial statements.
- On recommendation from the Chief Executive Officer and Chief Finance Officer, inform the Board on the results of the financial statement audit and recommend the signing of the financial statements to the Board.
- With the Chief Finance Officer, identify areas for improvement in financial management and monitor progress.

Compliance, Regulatory and Ethics

- Review the effectiveness of the systems for monitoring ANSTO's compliance with applicable laws, regulations and applicable Government policies and obtain regular updates from Management on significant regulatory and compliance issues.
- Review whether Management has taken steps to embed a culture committed to compliant, ethical and lawful behaviour.

Performance

- Review and provide advice on the appropriateness on ANSTO's systems and procedures for assessing, monitoring and reporting on achievement of ANSTO's performance.
- Review the annual performance statement and provide advice to the Board on its appropriateness.
- Review and provide input and feedback on any performance audit coverage proposed or undertaken by the external auditor.

The RAC will provide a yearly Work Program to the Board for review prior to the start of the financial year.

Other than as set out in this Charter, the RAC does not have decision making authority and will refer all matters for decision to the Board. However, the Board authorises the RAC to make operational decisions, in order to carry out its responsibilities, including to:

- determine the timing or scheduling of items for RAC consideration;
- lawfully obtain information it requires from any employee or contractor of ANSTO or one of its subsidiaries (subject to relevant legal obligations to protect such information);
- request the attendance of an employee(s) or contractor(s) of ANSTO or one of its subsidiaries at a RAC meeting;
- discuss matters with the external auditor or other external parties (subject to confidentiality considerations);
- obtain independent legal or other professional advice at ANSTO's expense; and
- engage with the Australian National Audit Office (ANAO), as ANSTO's external auditor, in relation to the ANSTO financial statements and performance audit coverage.

Membership

The RAC will consist of three or more non-executive Board members and two or more external representatives. All Committee members, including the RAC Chair, will be appointed by the Board. The RAC may appoint a Deputy Chair to act as Chair in the absence of the Chair. A non-executive Board member's term on the RAC will automatically cease upon the expiry of their term on the ANSTO Board. The term for an external representative will be set out in their appointment letter.

The Chair of the Board, the ANSTO Chief Executive Officer, and the ANSTO Chief Financial Officer (or equivalent position) cannot be members of the RAC. All of the members of the RAC must be persons who are not employees of ANSTO or its subsidiaries.

Committee members should have the appropriate qualifications, knowledge, skills and/or experience to assist the RAC to fulfil its responsibilities, including: an understanding of systems of risk oversight and management; and finance and systems of internal control. At least one member should have accounting or related financial management experience and/or qualifications, commensurate with the scope of ANSTO activities, which includes a comprehensive understanding of accounting and auditing standards. At least one member should have an understanding and experience of nuclear and radiation contexts and the associated risks and controls.

Membership of the RAC will be reviewed by the Board periodically, at least every three years, against the skills matrix to ensure there is a suitable mix of qualifications, knowledge, skills and experience on the Committee.

New RAC members will receive relevant information and briefings on their appointment to assist them in meeting their responsibilities. Committee members will receive information and training, at their request, to enable them to keep abreast of developments and leading practices in relation to the RAC's responsibilities.

Responsibilities of Members

Members of the RAC are expected to understand and observe the legal requirements of the ANSTO Act, PGPA Act and related Rules. Members are responsible to study and understand the papers provided; apply good analytical skills, objectivity and good judgment; and express opinions frankly and ask questions that go to the fundamental core of the issues in view. Members are entitled to pursue independent lines of enquiry to achieve the objectives of the RAC.

Conflicts of Interest

At the beginning of each meeting, members must declare any material personal interests that may apply to any matter on the meeting agenda. Where required by the Committee, a member who has made such a declaration will be excused from the meeting or from the consideration of the relevant agenda item(s). The minutes of a meeting shall record the details of any material personal interests declared by the Chair or other members during the meeting and the actions taken.

Meetings

The Committee will meet at least six times per financial year. Members may attend a meeting in person or by teleconference, videoconference or other similar means.

The Committee Chair is required to call a meeting if asked to do so by a Committee member or any member of the Board. The Committee Chair is to decide if a meeting is required if requested by internal audit or the ANAO.

A quorum will consist of a majority of Committee members, at least two of whom are non-executive Board members and at least one who is an external representative.

The ANSTO Group Company Secretary is responsible for providing secretariat support to the RAC.

The Chair of the Board and other Board members may attend RAC meetings as observers. Members of management (including the Chief Operating Officer, Chief Financial Officer, Chief Risk and Assurance Officer and the General Counsel) may attend Committee meetings as advisors or observers by invitation of the RAC Chair.

A representative of the ANAO will be invited to attend all Committee meetings as an observer. The RAC will meet with the ANAO at least once per year without any members of management present.

Reporting

The Chair will report to the Board at the next Board meeting following a Committee meeting regarding matters relevant to the RAC's responsibilities. The Chair may also report to the Chair of the Board, outside of the Board meeting, following a Committee meeting regarding matters relevant to the RAC's responsibilities.

The minutes of Committee meetings should be included in the papers for the next Board meeting or, if held in the same Board cycle, the next Board meeting thereafter.

The RAC will at least once annually confirm to the Board that it has carried out all of the functions, responsibilities and obligations detailed in this Charter and in the RAC's Work Program.

RAC Assessment

The performance of the RAC will be reviewed as part of the Board review process. The scope of the review will be determined by the Board Chair in consultation with the RAC Chair and will be aligned with the responsibilities outlined in this Charter.

Review of Charter

At least once a year, the RAC will review this Charter and make recommendations to the Board regarding any changes it considers necessary.

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