



AUDIT AND FINANCE COMMITTEE CHARTER

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1. INTRODUCTION AND PURPOSE

- 1.1 The Board of Tourism Australia has established the Audit and Finance Committee in compliance with section 45 of the *Public Governance, Performance and Accountability Act (PGPA Act)*. This Charter sets out the Committee's objectives, authority, composition, tenure, roles, responsibilities, and reporting and administrative arrangements.
- 1.2 Under section 17 of the PGPA Rule, the functions of the Committee must include reviewing the appropriateness of the Board's financial reporting, performance reporting, system of risk oversight and management; and system of internal control.
- 1.3 The Chair of the Committee has also been delegated the power to consider and approve contracts and projects, as outlined below, in certain circumstances.

2. THE COMMITTEE POWERS

- 2.1 The Board authorises the Committee, within the scope of its roles and responsibilities, to:
 - Obtain any information it requires from any employee and external party (subject to their legal obligation to disclose information);
 - Discuss any matters with the external auditor, internal auditor, or other external parties (subject to confidentiality considerations);
 - Request the attendance of any employee, including directors, at Committee meetings where appropriate; and,
 - Obtain external legal or other professional advice, as considered necessary, subject to appropriate delegations.
 - Provide approval (or not) to the Chair of the Board in the event that the Chair wants to obtain independent professional advice to assist him or her in the proper exercise of powers and in the discharge of his or her duties as a Board member.

2.2 Membership

- 2.2.1 The Committee will be comprised of three members appointed by the Board, including a non-executive director as Chair of the Committee. All Committee members must be persons who are not employees of Tourism Australia, and have no executive powers or delegated responsibilities.
- 2.2.2 Appointment will be for an initial period not exceeding three years, after which members will be eligible for extension or re-appointment after a review of their performance.
- 2.2.3 To ensure ongoing independence under section 17 of the PGPA Rule, the Chair of the Board, the Managing Director, the Executive General Manager Corporate Services and the Chief Financial Officer must not be members of the Committee but may attend meetings as observers as determined by the Chair of the Committee from time to time.

2.3 Committee Members' Qualifications

- 2.3.1 The members shall have appropriate qualifications, knowledge, skills and experience relevant to the operations of Tourism Australia to assist the Committee to perform its functions. Members should be financially literate (that is, able to read and understand financial statements). At least one member of the Committee should have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of accounting and auditing standards.

- 2.3.2 Collectively, the Committee should possess broad business, legal, financial management and/or public sector experience, and general knowledge of most of the following areas: (the business or industry, in which the entity operates ie: the travel industry and specific components of it); risk identification, evaluation and management; project and program management; information management and security; the operations of government and the public sector, including information technology systems and controls; the roles of internal and external audit; the application of accounting, auditing and assurance standards; relevant legislative and other policy requirements of the entity; public sector reporting requirements, including financial and performance reporting; and internal control, compliance activities and fraud control. In order to ensure the Committee has the appropriate qualifications, knowledge, skills or experience, Tourism Australia may source Committee members from outside the Board.

3 COMMITTEE RESPONSIBILITIES

The Committee has no executive powers unless delegated to it by the Board.

The Committee is directly responsible and accountable to the Board in the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for the management of Tourism Australia and the implementation of its organisational structure rests with the Managing Director.

The specific responsibilities of the Committee are set out below.

3.1 Systems of Risk Oversight and Management

The Committee shall:

- Review Tourism Australia's risk management framework including Tourism Australia's risk management plan and Tourism Australia's business continuity plan (including periodic testing of disaster recovery plans) and make recommendations to the Board as appropriate;
- Review the risk management plans of major projects or undertakings to consider whether the plans appropriately identify, assess and address risk and any potential impact on the internal control environment or other Committee responsibilities;
- Consider the impact of the risk management framework on insurance arrangements;
- Advise the Board about Tourism Australia's internal audit plans and as far as practicable, coordinate work programs relating to internal and external audits; and
- Perform the specific functions described in section 3.6 of this Charter that are associated with internal and external audits.

3.2 Systems of Internal Control

The Committee shall:

- Ensure that management is maintaining an effective internal control framework including in relation to external parties such as contractors and advisors;
- Ensure that management has in place relevant policies and procedures, including for the management and exercise of delegations, and that these are periodically reviewed and updated;
- Consider any required changes to the design or implementation of internal controls and how this is being addressed by management;
- Ensure that a fraud control plan is in place, and consider any impacts on internal controls and whether appropriate processes or systems are in place to capture fraud related information;

- Review adequacy of the controls designed to ensure Tourism Australia’s compliance with relevant legislation; and
- Review adequacy of Tourism Australia’s governance arrangements and the internal control environment.

3.3 Financial Reporting

The Committee shall:

- Provide advice to the Board on the preparation and review of Tourism Australia’s annual financial statements;
- Review the annual report prior to its publication and satisfy itself that its content is consistent with the financial statements and with the Committee’s understanding of Tourism Australia’s operations; and,
- Advise the Board on Tourism Australia’s internal budgeting and reporting.

3.4 Performance Reporting

The Committee shall:

- Review Tourism Australia’s annual performance statement; and,
- Advise the Board about action that could be taken on significant matters of concern or significant opportunities for improvement that are mentioned in reports of internal and external audits.

3.5 Legislative Compliance

The Committee shall:

- Ensure that legal and compliance risks are appropriately considered as part of risk assessment and management arrangements;
- Review the yearly statement of compliance to the PGPA Act and report on the Ministerial Statement of Intent obligations to ensure completeness and accuracy; and,
- Consider whether management is embedding a culture that is conducive to ethical and lawful behaviour.

3.6 Internal and External Audits

The Committee shall:

- Advise the Board about the professional standards to be used by internal auditors in the course of carrying out audits in Tourism Australia;
- Provide a forum for communication between the Board, senior management and the internal and external auditors;
- Review Management’s implementation of internal audit recommendations through the audit register;
- Review the performance of internal audit and recommend to the Board the appointment of the internal auditor;
- Review the adequacy of Tourism Australia’s response to reports of internal auditor and, as far as practicable, provide input and feedback on the audit coverage of both financial statement and performance audit coverage proposed by the Auditor-General as well as provide feedback on performance where requested; and
- Review the content of reports of internal and external audits to identify material that is relevant to Tourism Australia, and advise the Board about good practices.

3.7 Consideration and Approval of Significant Contracts and projects

3.7.1 Under section 62(1) of the *Tourism Australia Act 2004* (TA Act) and subject to section 59 of the TA Act, the Board has delegated to the Chair of the Committee the power to:

- Consider and approve *contracts* greater than \$1.5 million and up to \$3 million where the associated project has not been approved by the Board as part of the Annual Operating Plan and,
- Consider and approve *projects* greater than \$1.5 million where the project has not been approved by the Board as part of the Annual Operating Plan,

BUT only in circumstances where the Managing Director and the Chair of the Committee consider that:

- o The matter is urgent; and,
- o The cycle of Board meetings precludes imminent consideration of the contracts or projects by the full Board.

3.7.2 In accordance with a written direction by the Board under section 62(2) of the TA Act, the Committee Chair must only exercise their delegated powers following consultation with all members of the Committee. The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board from time to time. Refer to the Delegations Instrument and Instructions for further information.

4 REPORTING

4.1 The Committee shall regularly, but at least once annually, report to the Board on its operation and activities during the year. The report should include:

- A summary of the work performed by the Committee to fully discharge its responsibilities during the preceding year;
- Details of any contracts or projects considered and approved by the Chair of the Committee; and,
- Details of meetings, including the number of meetings held during the relevant period, and the number of meetings attended by each member.

4.2 The Committee shall also report, as required, any other matter to the Board it deems of sufficient importance. A copy of the approved minutes for each meeting is to be made available to all Board members and a copy of the papers is to be made available to the members upon request.

4.3 The following information must be included in an annual report of Tourism Australia:

- a direct hyperlink to the charter determining the functions of the Audit Committee;
- the name of each member of the Audit Committee during the period;
- the qualifications, knowledge, skills or experience of those members;
- information about each of those members' attendance at meetings of the Audit Committee during the period; and
- the remuneration of each of those members.

5 ADMINISTRATIVE ARRANGEMENTS

5.1 Meetings

5.1.1 The Committee will meet at least four times per year. An additional meeting may be held to review Tourism Australia's financial statements. The Chair is required to call a meeting if requested to do so by the Board or a Committee member.

5.1.2 A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year and will cover all Committee responsibilities as detailed in this Charter.

5.2 Attendance at Meetings and Quorums

5.2.1 A quorum shall consist of a majority of Committee members.

5.2.2 The internal and external auditors shall be invited to attend each meeting unless requested not to do so by the Chair of the Committee. The Committee shall meet separately with both the internal and external auditors at least once per annum. The Committee may also request the Managing Director, the Executive General Manager Corporate Services or other Tourism Australia employees to attend Committee meetings for certain agenda items.

5.2.3 The Chair of the Board and/or the Managing Director may be invited to attend the Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

5.3 Secretariat

5.3.1 The Executive General Manager Corporate Services is responsible for providing secretariat support to the Committee, including the provision of an agenda for each meeting and circulation of supporting papers (after approval from the Chair) at least five days prior to the meeting, and the preparation and maintenance of meeting minutes.

5.3.2 Minutes must be approved by the Chair and circulated promptly to each member, and to Committee observers where appropriate.

5.4 Conflicts of Interest

5.4.1 On an annual basis Committee members will provide to the Board written declarations that they do not have any conflicts of interest or duty which would preclude them from being members of the Committee.

5.4.2 Committee members are also required to declare any conflicts of interest or duty at the commencement of each meeting or before discussion of the relevant agenda item or topic, which will be appropriately minuted.

5.4.3 Where observers at Committee meetings are deemed to have a real or perceived conflict of interest or duty they will be asked by the Chair to leave the meeting.

5.5 Induction

5.5.1 New Committee members will receive relevant information and briefings on their appointment to assist them in meeting their responsibilities.

5.6 Evaluation Arrangements

5.6.1 In consultation with the Board, the Chair of the Committee will initiate annually a review of the Committee's performance. The review will be conducted on a self-assessment basis, unless otherwise determined by the Board, with input sought from the Board, the Managing Director, the internal and external auditors, management and any other relevant stakeholders as determined by the Board.

5.7 Publication and Review of Charter

5.7.1 This Charter will be available on Tourism Australia's website at tourism.australia.com

5.7.2 This Charter must be reviewed annually to ensure it remains consistent with the Board's and Committee's objectives and responsibilities.

5.7.3 The Audit Committee will recommend any amendments made to the Charter to the Board for approval.