

AUDIT AND RISK COMMITTEE CHARTER

1. Purpose

Section 45 of the *Public Governance Performance and Accountability Act 2013* requires that the Board establish an audit committee. Section 17 of the *Public Governance, Performance and Accountability Rule 2014 (Cth)* (PGPA Rule) sets out the minimum requirements relating to the audit committee. The Board has established an Audit and Risk Committee (the Committee) in accordance with these requirements. This Charter governs the operations of the Committee.

2. Role

The role of the Committee is to review and make recommendations to the Board on matters relating to:

- a) External financial reporting and controls;
- b) Performance reporting;
- c) Risk management framework;
- d) System of internal controls;
- e) Internal audit;
- f) Statutory Reporting;
- g) External Audit;
- h) Managed fund investments.

3. Responsibilities

The Committee is established as an advisory body to the Board and does not have delegated authority to make decisions. The Committee has the responsibility to:

- a) meet at least three times per year and otherwise as required to perform its functions; and
- b) report on its deliberations to the next Board meeting.

4. Specific Functions

The areas on which the Committee will provide advice and assurance to the Board include, but are not necessarily limited to, the following:

a) External financial reporting and controls

The Committee will review the appropriateness of GRDC's:

- i) annual financial statements and related matters;
- ii) internal processes for managing budget estimates;
- iii) financial control environment (including record keeping); and
- iv) financial planning and forward estimates.

b) Performance reporting

The Committee will review the appropriateness of GRDC's:

- i) development of performance measures to support the five-year Research Development and Extension Plan (RD&E);
- ii) management framework for measuring and assessing performance against the RD&E plan;
- iii) annual performance statement; and

- iv) systems and procedures for assessing and reporting the achievement of GRDC's performance.

c) Risk management Framework

The Committee will review the appropriateness of GRDC's:

- i) enterprise risk management framework for effective identification and management of the entity's risks;
- ii) risk appetite;
- iii) adequacy of insurance arrangements;
- iv) GRDC's fraud and corruption control arrangements including whether GRDC has appropriate processes and systems in place to prevent, detect, capture, report and effectively respond to fraud and corruption risks and incidents; and
- v) establishment, implementation of business continuity planning arrangements.

d) System of Internal controls

The Committee will review the appropriateness of GRDC's:

- i) approach to maintaining an effective internal control framework, including controls in relation to functions performed by external parties such as contractors and consultants;
- ii) management policies and procedures, the management and exercise of delegations and authorisations and that these are periodically reviewed and updated;
- iii) policies and associated procedures for an effective internal security system, including ICT security;
- iv) compliance by officials with relevant laws and policies and the mechanisms for the Board to be informed of any significant issues within the entity;

e) Internal Audit

The Committee will review appropriateness of GRDC's:

- i) internal audit resources, or budget, to carry out its responsibilities, including completion of the approved internal audit work plan; and
- ii) internal audit reports and provide advice to the Board on significant issues identified in audit reports and recommend action on significant issues raised, including identification and dissemination of good practice.
- iii) meet separately on a periodic basis with Management and Internal Auditors to discuss issues and concerns that warrant attention.

f) Statutory Reporting

The Committee will:

- i) review the effectiveness of management systems for monitoring GRDC's compliance with laws, regulations and associated government policies; and
- ii) determine whether GRDC Management has appropriately considered legal and compliance risks as part of the risk management framework and planning.

g) External Audit

The Committee will:

- i) review the Management and Directors representation letters to the ANAO and the Statement of Directors, Managing Director and Chief Financial Officer (included in the financial statements) to ensure that the information provided is complete and appropriate; and

- ii) discuss the scope and results of the annual external audit and any other matters required to be communicated in camera with external auditors; and
- iii) discuss the overall scope of the external audit with Management, including identified risk areas and any additional proposed control procedures; and
- iv) monitor Management's response and implementation of audit recommendations; and
- v) review with the external auditor any audit problems or difficulties and Management's response; and
- vi) meet separately on a periodic basis with Management and the external auditors to discuss issues and concerns that warrant attention.

h) Managed fund investments

The Committee will:

- i) review and endorse GRDC's investment function, investment strategy, investment mandate and associated policies;
- ii) if applicable, manage and endorse the outsourcing of the treasury function of GRDC; and
- iii) monitor and endorse the investment model of GRDC's managed funds.
- iv) Receive regular reports on the performance of any managed funds and make decisions with respect to the classes and mix of investments within the terms of the Investment Mandate.

5. Membership

- a) The Committee members are appointed by the Board for a term of one year but no more than 3 years or as determined by the Board.
- b) The Committee will comprise at least three (3) and not more than five (5) members, all of whom shall be non-executive Directors of the Board.
- c) The Committee Chair is appointed by the Board from the Committee members.
- d) The Committee Chair must have leadership experience and a strong finance, accounting and/or business background.
- e) Each Committee member must have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions.
- f) Each Committee member will declare any potential or perceived conflicts of interest that relate to the Audit and Risk Committee business and the Committee Chair will receive those declarations and determine the appropriate management of those conflicts
- g) Committee members must not have any relationship with GRDC that may interfere with the exercise of independent judgment.
- h) Committee members must develop and maintain a good understanding of GRDC's functions, objectives, key risks and operating context.
- i) The following persons are not eligible to be Committee members:
 - i) The Board Chair; and
 - ii) GRDC employees
- j) The officeholders referred to above may attend Committee meetings as observers. Other members of GRDC Management will attend meetings when requested by the Committee Chair to participate in agenda items. Directors who are not members of the Committee may also attend meetings as observers.

6. Administrative arrangements

- a) Secretariat for the Committee will be managed by the Legal and Governance team and overseen by the Head of Governance and Reporting.

- b) Meetings can be held either in person, by video conference or by telephone.
- c) The Board or a member of the Committee may call a meeting at any time.
- d) The Committee will develop a forward meeting schedule that includes the dates, location and proposed agenda items for each meeting for the forthcoming year.
- e) The proceedings of all meetings will be minuted and provided to the Chair as soon as practicable after each meeting
- f) A copy of the confirmed minutes of Committee meetings will be available to Board members.
- g) A quorum for any meeting will be the greater of two Committee members or the majority of the Committee.

7. Review of Committee Performance

The Committee shall evaluate its own performance at least annually to determine whether it is functioning effectively by reference to these Terms of Reference. This may include input from Board members, Committee members, Management, internal and external auditors and any other relevant stakeholders.

The Committee shall review the terms of reference annually and obtain the approval of the Board for any revisions.

8. Document information

Policy Category	Governance
Accountable Officer	GRDC Audit and Risk Committee
Approved Date	30 January 2024
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