

Victorian Skills Commission

Audit and Risk Committee Charter

1 Role and purpose

The Victorian Skills Commission ('the Commission') Audit and Risk Committee ('the Committee') will assist the Commission in fulfilling its monitoring and oversight responsibilities with regard to the Commission's governance, risk management, audit and business assurance activities*.

The Committee's objectives are to:

- improve the credibility and objectivity of the accountability process (including financial reporting)
- provide a formal forum for communication between the Commission and senior Department finance and risk management
- improve the effectiveness of the internal and external audit functions and be a forum for improving communication between the Commission and the internal and external auditors
- facilitate the maintenance of the independence of the internal and external auditors
- provide a structured reporting line for internal audit and facilitate the maintenance of the objectivity of the internal auditor
- monitor the quality of internal and external reporting of financial and non-financial information
- oversee risk management processes
- foster and maintain an ethical culture in the Commission's operations.

2 Authority

The Commission authorises the Committee, within the scope of its responsibilities, to:

- seek any information it requires from:
 - any Department employee (and all employees are directed to co-operate with any request made by the Committee)
 - internal and external audit
 - external parties
- obtain outside legal or other professional advice to assist in undertaking its oversight responsibilities
- ensure the attendance of Department officers at meetings as appropriate.

* **Note:** the Commission utilises Department of Innovation, Industry and Regional Development (the Department) staff and systems to carry out many of its functions.

3 Administration

Committee membership

- the Committee will comprise a minimum of **two** members of the Commission, and a minimum of **one** member independent of the Commission
- each member should be capable of making a valuable contribution to the Committee and will have the qualifications outlined in the Ministerial Directions to the *Financial Management Act 1994* (the FMA)
- to perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Commission's business, operations and risks
- all Audit Committee members will be non-executive directors[†] and a majority will be independent of the Commission in accordance with the independence requirements of the Ministerial Directions to the FMA; the Accountable Officer and the CFO are not to be members of the Audit Committee
- the chairperson of the Committee will be one of the independent members of the Committee nominated by the Commission from time to time, and is not to be the Chairperson of the Commission
- members will be appointed for a **3-year** term of office, or until their Commission membership expires
- a quorum for any meeting will be **2** members
- the secretary of the Committee will be nominated by the Commission from time to time.

Meeting attendance

- the Committee may invite such other persons (such as Deputy Secretary, Accountable Officer, CFO, Internal Auditor) to its meetings, as it deems necessary
- the internal and external auditors should be invited to make presentations to the Committee as appropriate
- meetings shall be held not less than **four** times a year, with special meetings convened as required - internal or external auditors may request a meeting be convened

Meeting processes

- the proceedings of all meetings will be minuted to reflect the work done by the Committee and are to be provided to the Deputy Secretary Skills Victoria and for information to the next meeting of the Commission

[†] The FMA refers to 'non-executive directors'; in the context of the Victorian Skills Commission this is taken to mean independent Commission members.

- each meeting will provide an opportunity to meet in camera with the internal auditor

Relationships

In performing its duties, the Committee will maintain effective working relationships with Department management, the Portfolio Audit Committee and the internal and external auditors. The Committee will exchange minutes with the Portfolio Audit Committee, and the Committee Chair will meet annually with the Portfolio Audit Committee Chair.

4 Responsibilities

The Committee's oversight responsibilities are:

Financial

- financial performance and the financial reporting process including reviewing and recommending the financial statements to the Commission
- the acceptability of and correct accounting treatment for and disclosure of significant transactions which are not part of the Agency's normal course of business
- the sign off of accounting policies
- the Commission's financial and operational delegations

Internal and external audit

- approve and maintain an internal audit plan based on business priorities and risks to the Commission
- review internal audit reports and recommendations and provide endorsement of actions where appropriate
- the scope of work, performance, independence and objectivity of internal audit
- provide advice to the CEO on the performance of the internal audit function
- the scope of work and performance of the external auditor

Risk management and controls

- the development, operation and implementation of a risk management framework compliant with appropriate standards
- matters of accountability and internal control affecting the operations of the Commission
- the effectiveness of management information systems and other systems of internal control
- the Commission's process for monitoring compliance with laws and regulations and its own code of conduct and code of financial practice
- monitor management reports.

5 Performance and reviews

- The performance of the Committee will be reviewed annually as required under the Standing Directions under the *Financial Management Act 1994*. The review will:
 - utilise self-assessment and/or advice from the Department's audit and risk function or external consultants, as determined by the Committee
 - occur in November of each year
 - include a review of the internal audit function
 - be reported to the next meeting of the Commission.
- The Committee Charter will be reviewed annually, via a process to be determined by the Committee. Any revisions will be proposed to the next meeting of the Commission for approval.

Version	Date	Comments
1.	October 7, 2004	Approved by VLESC
2.	December 9, 2004	Title changed to 'Audit and Risk Committee'
3.	October 6, 2005	VLESC approved revised version (membership, date for performance review)
4.	November 27, 2007	VSC Audit and Risk Committee
5.	January 21, 2008	Revisions from Nov 27 Committee meeting, for VSC approval.
6.	February 21, 2008	Approved by VSC