



01.05 Commission Audit and Risk Management Committee Charter

1. Function

1.1 The function of the Audit and Risk Management Committee (the Committee) is to monitor auditors and management and advise the Commission of the results of that monitoring in relation to:

- the overall risk management framework;
- financial reporting processes;
- systems for internal control and management of financial risks;
- processes for monitoring of compliance with legislation and regulation and the AEMC's Code of Conduct and fraud prevention;
- audit scopes, outcomes and actions; and
- performance of auditors.

1.2 The Committee is to provide advice to the Commission on the need for audit and risk management programs for AEMC panels, committees and working groups, such as the Reliability Panel. Where such programs are required the Committee is to monitor the audit outcomes and review the audit programs of those panels, committees and working groups and advise the Commission of the adequacy of these audit processes.

1.3 The Committee is responsible for recommending to the Commission the appointment of internal auditors.

2. Powers

In discharging its responsibilities, the Committee is authorised by the Commission to:

- obtain external professional advice (including legal);
- seek information from any employee who shall cooperate with the Committee;
- seek information from parties outside of the AEMC or any advisory committee of the AEMC;
- require attendance of AEMC officers at meetings of the Committee; and
- request the Chairperson of any advisory committees of the AEMC to provide information.

3. Structure and Operations

Membership

3.1 The Committee will be comprised of no less than three members. A majority of the members will be independent members¹.

3.2 The members of the Committee and Committee Chair will be determined by the Commission. The Committee Chair will be one of the independent members.

3.3 The quorum for meetings shall be two members.

¹ An independent member is a person who is not a Commissioner or normal employee of the AEMC.

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3.4 The Secretary of the Committee shall be nominated by the Commission.

Meetings

3.5 The Committee shall meet with the internal auditors at appropriate intervals, but no less frequently than once in each six months. These meetings shall include an “in camera” discussion that does not involve management.

3.6 The Committee shall meet with the external auditors at appropriate intervals. These meetings shall include an “in camera” discussion that does not involve management.

3.7 Executives, including the Chairperson, Chief Executive and members of the Executive Leadership Team who are responsible for people and culture, finance, governance and risk management, will normally be invited to attend meetings of the Committee.

3.8 The Committee shall meet at least four times a year and minutes of all meetings shall be promptly provided to the Commission.

4. Responsibilities

The Committee is responsible for:

4.1 General

- Reviewing the performance of internal auditors;
- Evaluating the appropriateness of the risk management and internal control “culture” through monitoring audit reports, management responses and the level of understanding of roles and responsibilities displayed by employees;
- Seeking confirmation that actions to address recommendations by auditors have been carried out effectively and in a timely manner;
- Considering the means for ensuring management’s accountability for the security and ongoing operations of information technology and communications and the maintenance of a disaster recovery plan;
- Initiating special reviews where indicated;
- Assessing the development, review and monitoring of compliance with the AEMC’s policies and procedures; and
- Maintaining the charter of the Committee and seeking Commission approval for enhancements. The Charter may be amended by the Commission at any time it deems necessary.

4.2 Risk management

- Overseeing the maintenance of the AEMC’s risk management framework which incorporates any risk appetite statement developed by the Commission, a risk management policy and procedure, a three-yearly business risk assessment, a project control framework, a compliance management framework and a business continuity plan;
- Establishing and maintaining a structure to monitor compliance with the risk management framework;

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- Assessing the development and maintenance of control and compliance arrangements for fraud, corruption and other criminal conduct, misconduct and maladministration; and
- Receiving and considering risk and energy compliance reports and updates on business continuity planning processes from the relevant executives.

4.3 Financial Reporting

- Developing an understanding of the areas of financial risk and the effectiveness of management's response;
- Reviewing with management significant accounting and reporting issues and seeking advice on professional and regulatory developments, their impact on the AEMC, its related entities and the AEMC's strategies for input into these developments;
- Reviewing annual financial statements for completeness and consistency with members' knowledge; and
- Assessing compliance with accounting standards and principles and other regulations.

4.4 Internal Audit

- Reviewing the internal audit strategy and plan to ensure the scope and approach is appropriate;
- Reviewing internal audit arrangements to ensure no inappropriate limitations exist;
- Reviewing effectiveness of internal audit function;
- Ensuring the timely consideration of findings and management responses to findings; and
- Seeking confirmation of implementation of management actions to address issues raised by internal auditor.

4.5 External Audit

- Reviewing external audit proposed scope and approach;
- Ensuring the timely consideration of findings and management responses to findings; and
- Seeking confirmation of implementation of management actions to address issues raised by external auditor.

4.5.1 Systems for Compliance with Laws and Regulations

- Reviewing effectiveness of systems for monitoring compliance with laws and regulations;
- Reviewing management's response to acts of non-compliance or fraud;
- Reviewing findings of any examinations by regulatory authorities; and
- Obtaining regular updates regarding compliance matters.

4.6 Code of Conduct

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- Ensuring management has adopted and maintains an appropriate code of conduct and that the code is published, communicated and acted out at all levels in the AEMC.

4.7 Risk and litigation

- Obtaining regular updates regarding changes in risk profile of the organisation; and
- Obtaining regular updates regarding possible litigation and the progress on litigation matters.

4.8 Review

- On an annual basis, reviewing by way of discussion led by the Chair of the Committee, the appropriateness and/or effectiveness of its membership, its performance and this Charter.
- Committee members may agree to complete a self-assessment questionnaire that can be used as basis for the discussion on the Committee performance referred to above.

5. Committee Competencies

This section sets out the Competencies required in members of the AEMC Audit and Risk Management Committee to ensure the Committee is able to discharge its charter responsibilities.

5.1 Personal Qualities

The following is a summary of the personal qualities individuals appointed to the AEMC Audit Committee should possess:

- Ability to act in an independent and impartial manner and be proactive in the provision of advice;
- Ability to explain technical matters within their area of expertise;
- Ability to seek and interpret information and to continue to seek relevant information to enable an informed opinion;
- Ability to encourage openness, ethical practice and a constructive culture of truthfulness, learning and accountability;
- Ability to work with management in the development of improvement initiatives;
- Demonstrated professionalism, respect for others and ethics;
- Independent thinker able to articulate views and rationale for those views; and
- Commitment to good corporate governance.

5.2 Skills and Experience of members

The Committee collectively should possess the following skills and experience:

- accounting/finance experience and qualifications to CPA or CA standard;
- experience within the public sector and preferably with some experience in regulatory matters;
- broad financial and business management experience;

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- experience in the application of risk identification, evaluation and management techniques;
- sound appreciation of internal controls and compliance systems and the application of these to information technology systems and processes;
- contemporary knowledge of accounting and reporting issues and their application in the public sector;
- familiarity with applicable legislative requirements;
- knowledge of accounting and auditing standards; and
- sound understanding of the role of internal and external audit in the governance process.

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Document Revision

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23/12/2008	Consolidation of Charter and Committee Competencies	Commission Resolution 2009/084	2.0
13/04/2010	Reviewed and minor wording changes made	Commission Resolution 2010/104	3.0
19/07/2011	Annual Review	Commission Resolution 2011/0010	4.0
04/2013	Annual Review	Commission Resolution 2013/178 on 22 May 2013	5.0
05/2014	Annual Review	Commission Resolution C2014/226 on 17 June 2014	6.0
03/2015	Annual Review	Commission Resolution C2014/15:228 on 21 April 2015	7.0
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