

Charter of the Audit and Enterprise Risk Committee of the National Library of Australia

1 Name of Committee

1.1 Audit and Enterprise Risk Committee of the National Library of Australia (the Committee).

2 Purpose

2.1 The Council of the National Library of Australia has established an Audit Committee as required by section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17 - Audit Committee for Commonwealth entities.

2.2 The Committee is a sub-committee of the Council of the National Library of Australia established to assist the Council discharge its responsibilities under the *National Library Act 1960* and the *PGPA Act* in respect of financial reporting, performance reporting, risk oversight and management, internal control and compliance with relevant laws and policies.

2.3 The Committee is not responsible for the executive management of these functions. The Committee will engage with management in a constructive and professional manner in discharging its responsibilities and formulating its advice to the Council.

3 Functions

3.1 The functions of the Committee are to:

3.1.1 review the appropriateness of the National Library of Australia's (the Library's):

- financial reporting
- performance reporting
- system of risk oversight and management; and
- system of internal control and legislative and policy compliance.

3.1.2 provide advice independent of Library management.

3.1.3 assist the Library and Council members to comply with their obligations under the *PGPA Act* and associated framework, including the Fraud Rule.

3.1.4 provide a forum for communication between Council members, Library Executive managers, and the internal and external auditors of the Library.

3.1.5 examine and recommend the Library's annual financial and performance statements to Council for approval.

4 Authority

4.1 The Council authorises the Committee, within its responsibilities, to:

4.1.1 obtain any information it requires from any employee or external party (subject to any legal obligation to protect information)

4.1.2 discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)

4.1.3 request the attendance of a Council member, the Director-General or any Library employee at Committee meetings

4.1.4 obtain legal or other professional advice, as considered necessary, to meet its responsibilities

4.1.5 consider any other matters referred to it by Council or the Director-General which are relevant to its role.

5 Membership and Tenure

5.1 Members:

- 5.1.1 Members of the Committee are appointed by the Council. It will be comprised of four members with a minimum of two members of Council, and up to two external members to provide additional qualifications, knowledge, skills or experience to assist the committee to perform its functions, and support succession planning. Employees of the Library cannot be members.
- 5.1.2 The Chair of the Council and the Director-General will not be members of the Committee, although will ordinarily attend meetings of the Committee.
- 5.1.3 Membership of the Committee will be reviewed periodically (but at least every three years) by the Council with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills, and experience.

5.2 Chair of the Committee:

- 5.2.1 The Chair of the Council will appoint a Chair of the Committee.
- 5.2.2 The Committee may appoint an acting Chair when the Chair is not available.

5.3 Observers:

- 5.3.1 All Council members are able to attend Committee meetings and participate in proceedings, however, Council members who are not Committee members would generally not exercise voting rights on Committee resolutions.
- 5.3.2 The Chief Operating Officer, Chief Financial Officer and Director Governance or other management representatives may attend meetings as observers or advisers as determined by the Chair.
- 5.3.3 Representatives of the external and internal auditors will be invited by the Chair to attend meetings of the Committee.

5.4 Terms and tenure:

- 5.4.1 Members of the Committee will be appointed for an initial term not exceeding three years.
- 5.4.2 Where a Committee member is also a member of Council, their membership of the Committee ceases when their term of appointment to Council ends or they otherwise cease to be a member of Council.
- 5.4.3 Members are eligible for appointment for further three-year terms, to a maximum membership period of nine years. *(Transition note: terms of appointment for external members in place at June 2020 will survive this requirement).*
- 5.4.4 A Committee member may resign in writing to the Chair of the Committee who will refer the resignation to Council for formal consideration and acceptance as appropriate.
- 5.4.5 Council may terminate the appointment of a member of the Committee by reason of:
 - misbehaviour or physical or mental incapacity of the member
 - bankruptcy of the member, application by a member to take the benefit of any law for the relief of bankrupt or insolvent debtors, a member compounds with his or her creditors or makes an assignment of his or her remuneration for their benefit
 - absence, except on leave granted by the Committee, from two consecutive meetings of the Committee
 - failure to adequately perform their duties as a member of the Committee.

6 Performance of duties

6.1 Members of the Committee will:

- 6.1.1 act in the interests of the Library
- 6.1.2 apply appropriate skills, objectivity, and judgement
- 6.1.3 express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
- 6.1.4 not communicate, publish, release or disclose any information provided to them as a Committee member, unless it is done in the course of performing their functions on the Committee

7 Administrative Arrangements

7.1 Reporting:

- 7.1.1 The Committee Chair or nominee will report to Council on the deliberations of the Committee. A verbal report to Council will be made after each Committee meeting summarising the key deliberations of the Committee.
- 7.1.2 Minutes of Committee meetings will be submitted to Council in draft for noting.
- 7.1.3 Written minutes, reports, advice and recommendations as well as presentations will be submitted to Council in a timely fashion for formal consideration by Council.
- 7.1.4 Annually the Committee will report to Council on its operation and activities during the year. The report will include:
 - a summary of the work the Committee performed to discharge its responsibilities during the preceding year
 - a summary of the Library's progress in addressing the findings and recommendations made in internal and external audit reports and parliamentary committee reports
 - an overall assessment of the Library's risk, control, and compliance framework, including details of any significant emerging risks or legislative changes impacting the Library, and
 - details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.
- 7.1.5 Information about the Committee will be included in the Library's annual report in accordance with *PGPA Rule 2014* requirements, this includes:
 - the charter
 - membership including names of members
 - the qualifications, knowledge, skills, or experience of each member
 - details of each member's attendance at meetings; and
 - the remuneration of each member.

7.2 Meetings:

- 7.2.1 The Committee will meet at least four times a year.
- 7.2.2 All Committee members are expected to attend each meeting, in person or via tele-or-video conference.
- 7.2.3 A quorum will consist of three committee members. The quorum must be in attendance for the duration the meeting. A member who participates in a meeting held via use of technology, as specified in clause 7.2.2 is taken to be present at the meeting and to form part of any quorum for the meeting.
- 7.2.4 In the event of unavoidable absences, the Chair of Council may appoint interim members.

- 7.2.5 The Committee will develop a forward meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this charter.
- 7.2.6 The secretariat will:
- ensure the agenda for each meeting is approved by the Chair
 - the agenda and supporting papers are circulated, at least one week before the meeting
 - ensure the minutes of the meetings are prepared and retained
 - record, actively monitor and ensure timely closure of internal audit recommendations
 - identify opportunities for AERC members to observe Library operations and share relevant information about the Library's operating environment to assist members to discharge their duties.
- 7.3 Induction of new Committee members and ongoing briefing of external members
- 7.3.1 The Committee will develop and maintain a program of induction, to help new Committee members meet their obligations. Ongoing briefings will be provided for external members to build their understanding of the operations and performance of the Library.
- 7.4 Declaration of Interests:
- 7.4.1 Once each year, non-Council members of the Committee will provide written declarations to the Chair for provision to the Council declaring any material personal interests they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations.
- 7.4.2 The Council, in consultation with the Chair of the Committee, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.
- 7.4.3 At the beginning of each Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if he/she should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s).
- 7.4.4 Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.
- 7.5 Assessment Arrangements:
- 7.5.1 The Chair will initiate a self-assessment of the performance of the Committee at least once every two years.
- 7.5.2 The review will be conducted on a self-assessment basis (unless otherwise determined by Council) with appropriate input sought from Council members, Committee members, executive management, the internal and external auditors, Chief Financial Officer, and any other relevant stakeholders, as determined by the Chair of Council.
- 7.6 Review of Charter:
- 7.6.1 At least once a year the Committee will review this charter. This review will include consultation with the Council. Any changes to the charter will be recommended by the Committee and formally approved by the Council.