



Australian Government

NAIF

Northern Australia Infrastructure Facility

Board Audit and Risk Committee Charter

MARCH 2024

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1. Governance

1.1. Overview

The Northern Australia Infrastructure Facility (NAIF) has been established to provide financial assistance to the States and Territories and other entities for the development of Northern Australia economic infrastructure.

1.2. Purpose of the Board Audit and Risk Committee Charter

NAIF is required to ensure it has in place a functioning audit committee and this Board Audit and Risk Committee Charter sets out the function, duties and responsibilities of the BARC and its relationship with the NAIF Board.

NAIF is a body corporate established under section 6 of the *Northern Australia Infrastructure Facility Act 2016* (Cth) (NAIF Act) and pursuant to section 45 of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) NAIF must have an audit committee.

1.3. BARC Composition

The NAIF Board will appoint Committee members and will be subject to rotation as determined by the Board. The Board will appoint one of the members as Chair of the Committee.

Pursuant to section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), the Committee must consist of at least 3 persons who have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions. The Chair must have financial knowledge, skills or experience.

None of the Board Chair, Chief Executive Officer (CEO), or employees of NAIF shall be a Committee member. Any Board member is welcome to attend any Committee meeting (though only Committee members can vote).

Internal and external auditors and employees of NAIF may attend and participate in meetings at the invitation of the Committee (but will not be entitled to vote).

The CEO is expected to attend meetings of the Committee, together with such other members of management as the Committee determines.

The Committee will have the option to meet with the external auditors and internal auditors, at least once a year, without members of management in attendance.

1.4. Role of the BARC

In accordance with the PGPA Act and the PGPA Rule the primary function of the Committee is to review the appropriateness of and provide advice on:

- financial reporting;
- performance reporting;
- the system of risk management and oversight; and
- the system of internal control; for NAIF.

1.5. Role of Committee Members

The duties of Board members as detailed within clause 1.6 of the NAIF Board Charter apply to Committee members.

1.6. Role of the Chair

The Chair of the Committee is appointed by the Board and acts as an important link between the Board and the Committee.

The Chair is responsible for leadership of the Committee including:

- facilitating proper information flow to the Committee and subsequently, the Board;'
- facilitating the effective functioning of the Committee including managing the conduct, frequency and length of Committee meetings; and
- communicating the views and decisions of the Committee to the Board.

In performing their role, the Chair's responsibilities also includes:

- in consultation with the CEO and the Company Secretary:
 - setting the agenda for the matters to be considered by the Committee; and
 - seeking to ensure that the information provided to the Committee is relevant, accurate, timely and sufficient to keep the Committee and the Board appropriately informed of the performance of NAIF and of any developments that may have a material impact on NAIF or its performance.
- facilitating open and constructive communications amongst Committee members and management and encouraging their contribution to Committee deliberations;
- overseeing and facilitating Committee evaluation reviews; and
- liaising with and counselling, as appropriate, Committee members.

1.7. Role of Company Secretary

The duties of the Company Secretary as detailed within clause 1.9 of the NAIF Board Charter applies to this Charter.

2. Roles and Responsibilities of the BARC

To discharge its roles and responsibilities, the key activities of the Committee include considering and providing recommendations and advice to the Board in relation to the following:

2.1. Risk settings and parameters

- Recommend to the Board for adoption an appropriate Risk Appetite Statement for NAIF in accordance with the Northern Australia Infrastructure Facility Investment Mandate Direction 2023.
- Periodically review the Risk Appetite Statement to assess whether it remains current and relevant to NAIF and advise the Board on its appropriateness.
- Monitor the operations of the Risk Management Framework, its effectiveness, implementation and adherence to policies and procedures and make recommendations to the Board on changes to that framework, where appropriate.
- Monitor the performance of NAIF's investment decisions, including oversight of NAIF's impaired or troubled investments.

2.2. Internal and external audit function

Make recommendations to the Board on the appointment, assessment and removal of the internal auditors (if any) and oversee their independence. The internal auditors are accountable to the CEO, the Committee and the Board.

Support the Australian National Audit Office (ANAO) as NAIF's mandated external auditor. The Committee is the channel to the Board for communication with the external auditors, the ANAO, and any consultants engaged by the ANAO.

- Annually review the external and approve internal audit plans and their associated scope and fees.

2.3. Compliance controls and oversight

- Monitor the internal control environment including any documentation and processes designed to achieve compliance with laws, regulations, applicable Commonwealth government policies and other relevant standards.
- Oversee compliance with statutory and other legal requirements relating to financial disclosure and regulatory reporting, including those for climate disclosure.
- Monitor and assist NAIF and its employees to comply with obligations under the PGPA Act and any other applicable legislation.
- Provide an effective forum for communication between the committee members, NAIF's senior managers and the internal and external auditors.
- Monitor compliance with the Board approved Risk Management Framework and Risk Appetite Statement.
- Monitor changes of significance to NAIF in relation to the various laws, regulations, accounting policies and regulatory / reporting requirements that apply to NAIF.

2.4. Management and internal controls

- Satisfy itself that the current areas of material financial and operational risk to NAIF have been identified and that management are effectively managing the risks.
- Satisfy itself that effective systems of accounting, administrative and operational controls are in place to manage financial risk so that timely and meaningful financial statements are available to stakeholders.
- Satisfy itself that the roles and responsibilities relating to risk management are clearly defined and adhered to by management.
- Review and provide advice on the appropriateness of NAIF's internal control framework; legislative and policy compliance; security compliance and audit coverage.
- Including any specific areas of concern or suggestions for improvement.

2.5. Financial and performance reporting

- Review the annual and interim management financial statements and recommend acceptance to the Board.
- Approve NAIF's accounting policies and practices in the light of relevant laws, accounting standards and principles.
- Comply with directions and guidance from the Department of Finance under the PGPA Act in relation to financial and performance reporting.
- Review entity performance information, systems and frameworks and provide advice to the Board on its appropriateness.
- Provide advice to the Board on the appropriateness of NAIF's financial and performance reporting.
- Reporting as a whole, including any specific areas of concern or suggestions for improvement.
- Annual review of NAIF's operating budget from a risk management perspective, ahead of Board review and approval, noting the BARC does not endorse underlying assumptions.

2.6. Audit review

- Review the internal audit plan to determine whether all material risks and financial reporting requirements are covered by the audit plan and recommend approval by the Board.
- Review and assess the findings of the internal and external auditors and the action taken and the timetable proposed by management in response to those findings.
- Provide advice to the Board on major concerns identified in audit reports and recommend action plans including identification and dissemination of information on good practice.
- Review, at least annually, the scope, results and performance of the external and internal auditors.

2.7. Other responsibilities

- Commission such special audits or investigations as may be necessary.
- Determine whether to approve any consultants to the ANAO undertaking any non-audit consultancy work for NAIF.
- Monitor the performance of those responsible for managing risk and compliance matters.
- Perform any other tasks the Board determines from time to time.
- Monitor that an appropriate approach has been taken in establishing business continuity planning arrangements.
- Assess the appropriateness of the NAIF annual budget.
- Assess whether NAIF has taken steps to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct.

3. Meetings of the Committee

3.1. Convening Meetings

The Committee will hold at least two meetings per year.

3.2. Presiding at Meetings

The Chair must preside at a meeting at which he or she is present. If the Chair is not present at a meeting, the members present must appoint a member to preside.

3.3. Quorum

At a meeting of the Committee, a quorum consists of two members.

3.4. Conduct at Meetings

Subject to any directions of the Board, the Committee may conduct proceedings at its meetings as it considers appropriate.

3.5. Minutes

The Committee Chair will provide a report to the Board following each meeting. In addition, the Committee will provide:

- its minutes to the Board;
- a report annually to the Board on the trends/issues that have arisen in the Committee's work over the previous twelve months; and
- such additional reporting as the Board may require.

4. Other Matters

4.1. Distribution of Meeting Documentation

Committee papers will be uploaded to the electronic portal and will be available to Board members within five (5) days of a scheduled Committee meeting. Where out of session or emergent Committee meetings are called papers will be provided at the earliest opportunity.

4.2. Review of the Charter

The Committee must review and reassess this Charter at least biannually and, if required, make any amendments to this Charter.

The Board approves all material amendments to the Charter.

4.3. Document Review and Approval

Table 1: Version Control

Version	Reviewer	Revision	Approval	Approval Date	Next Review Date
1.0	NAIF Management	Original	Board	August 2016	August 2017
2.0	NAIF Management	Annual review	Board	June 2017	June 2018
3.0	Board Secretary	Annual review	Board	August 2018	August 2019
4.0	Manager, Risk & Compliance	Annual review	Board	May 2019	May 2020
5.0	Manager, Risk & Compliance	Ad hoc review	Board	November 2019	May 2020
6.0	Company Secretary and Manager Compliance	Annual review	Board	August 2020	August 2021
7.0	Company Secretary	Major Review	Board	March 2022	March 2023
8.0	Chief Operating Officer	Revision	Board	March 2024	March 2026



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