

## Appendix B Audit Committee Charter Template

### 1. Purpose

This Audit Committee Charter sets out the mandate, authority, composition and responsibilities of the Audit Committee of [Agency Name], established in accordance with the Public Finances (Management) Act 1995 (PFMA) and the Government of Papua New Guinea's Finance Management Manual (Volume 5).

The Audit Committee provides independent oversight and advice to the departmental head on the agency's governance, risk management, internal controls and audit functions. Its primary role is to strengthen public accountability and support the effectiveness of the Internal Audit Unit (IAU).

### 2. Authority

The Audit Committee is authorised to:

- Access any information it requires from any employee or contractor of the agency
- Require the attendance of any employee at Committee meetings
- Obtain legal or other professional advice where necessary
- Review and approve the Internal Audit Charter and annual audit work plan
- Monitor implementation of internal and external audit recommendations

### 3. Composition

- The Committee shall consist of a minimum of three (3) and a maximum of five (5) members.
- At least one/two member must be independent and external to the agency.

### 4. Independence and Ethics

- Members must declare all conflicts of interest.
- Members shall act with integrity and in the public interest.
- Independent members must not have been employees of the agency in the last two years.
- Members who hold a professional audit designation (e.g. CIA) must comply with their respective codes of ethics.

## **5. Roles and Responsibilities**

The Audit Committee is responsible for advising the departmental head on:

- The adequacy of internal control systems
- The effectiveness of risk management and governance arrangements
- The performance and independence of the Internal Audit Unit
- The approval and monitoring of the internal audit work plan
- Oversight of management's response to audit findings
- Interaction with the Auditor-General and external auditors
- Review of financial management reports and PFMA compliance
- Endorsement of the Internal Audit Charter and monitoring quality assurance

## **6. Meetings**

- The Committee will meet at least four times per year.
- Special meetings may be convened at the request of the Chair or the departmental head.
- A quorum shall consist of a majority of three (3) members, including at least one independent member.
- The Head of Internal Audit and relevant senior executives may attend by invitation.

- The agenda and supporting papers must be circulated at least five working days in advance.

## **7. Secretariat**

The agency shall provide secretariat support to:

- Schedule meetings and circulate materials
- Maintain minutes and records
- Track action items and follow-up
- Agency will after three to five years take ownership of Secretariat roles, cost sharing.

## **8. Reporting**

The Audit Committee will:

- Provide a written report to the departmental head after each meeting
- Submit an annual report summarising its activities, findings and recommendations
- Raise with the departmental head or the Department of Finance any material risks or concerns that remain unaddressed

## **9. Performance Evaluation**

The Committee will evaluate its own performance annually, including:

- Effectiveness in fulfilling its mandate through performance scorecard
- Quality of engagement and decision-making
- Compliance with its Charter Findings will be submitted to the departmental head with any proposed improvements.
- Report to the Department of Finance on this performance evaluation along with meeting statistics including meetings held and attendees

## **10. Review of the Charter**

This Charter shall be reviewed subject to policy change if required by changes in legislation, governance structure or internal audit arrangements.

Amendments must be approved by the departmental head and endorsed by the Audit Committee.

Approved by:

Chair, Audit Committee Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Departmental Head Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_