



AUSTRALIAN
**CRIMINAL
INTELLIGENCE
COMMISSION**



Australian Government

Australian Institute of Criminology

AUDIT COMMITTEE CHARTER

1. Background

The Joint ACIC-AIC Audit Committee (Committee) has been established on the authority of the Chief Executive Officer (CEO), Australian Criminal Intelligence Commission (ACIC) and the Director, Australian Institute of Criminology (AIC) (Director) in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule section 17-Audit Committee for Commonwealth entities.

2. Role

The Committee's role is to provide independent advice to the CEO of the ACIC¹ regarding financial and performance reporting responsibilities, risk oversight and management, and system of internal control.

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 advisory responsibilities and formulating its advice to the CEO.

Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and rules. Members are also expected to:

- ▶ act in the best interests of the ACIC as a whole
- ▶ apply good analytical skills, objectivity and good judgment
- ▶ express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry, and
- ▶ contribute the time required to meet their responsibilities.

Committee members must not use or disclose information unless expressly agreed by the CEO/Director.

¹ For the purpose of this Charter, references to the 'ACIC' also include the Australian Institute of Criminology and references to the 'CEO' also include 'Director'.

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The Committee will be assisted by the ACIC's Internal Audit function, which is responsible for delivering an annual internal audit program in line with the Committee's guidance and subject to approval by the CEO. The Committee will also provide advice to Internal Audit as required.

3. *Authority*

The CEO authorises the Committee, in accordance with its role and responsibilities, to:

- ▶ obtain any information it requires from any official or external party (subject to any legal obligation to protect information)
- ▶ discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations)
- ▶ request the attendance of any official, including the CEO/Director, at Committee meetings, and
- ▶ obtain legal or other professional advice, as considered necessary to fulfil its role, at ACIC's expense, subject to approval by the CEO (or delegate).

4. *Membership, Skills & Experience*

The Committee must comprise of at least three members, appointed by the CEO. The majority of members must not be officials of the ACIC.

The CEO will appoint the Chair of the Committee. The Chair of the Committee must not be an official of the ACIC.

The Committee is authorised to appoint a Deputy Chair who will act as Chair in the absence of the Chair.

The CEO, Chief Financial Officer and Chief Audit Executive will not be members of the Committee but may attend meetings as observers along with other management representatives, as determined by the Chair.

A representative(s) of the ANAO will be invited to attend meetings of the Committee, as an observer.

Consistent with subsection 17(3) of the PGPA Rule, the members of the Audit Committee will have appropriate qualifications, knowledge, skills or experience to assist the Committee perform its functions. These include (but are not limited to) financial reporting; performance reporting; systems of risk oversight and management; systems of internal controls; as well as knowledge of the core business activities of the ACIC.

Committee members will be appointed for an initial, fixed period determined by the CEO. Members may be rotated or re-appointed after a formal review of their performance, as specified by the CEO.

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5. Functions

Section 17(2) of the PGPA Rule establishes mandatory functions for Committees as reviewing the appropriateness of the ACIC's:

- ▶ financial reporting
- ▶ performance reporting
- ▶ system of risk oversight and management, and
- ▶ system of internal controls.

5.1 Financial reporting

- ▶ The Committee will review and provide advice as to the appropriateness of the ACIC's:
 - annual financial statements
 - information (other than annual financial statements) requested by the Department of Finance (Finance) in preparing the Australian Government's consolidated financial statements, including the supplementary reporting package, and
 - processes and systems for preparing financial reporting information.
- ▶ The Committee will provide a statement as to the appropriateness of:
 - the annual financial statements, including compliance with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance
 - additional entity information (other than financial statements) required by Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) and whether this complies with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance, and
 - the ACIC's financial reporting as a whole, including any specific areas of concern or suggestions for improvements.

5.2 Performance reporting

- ▶ The Committee will review and provide advice as to the appropriateness of the CEO's systems and procedures for assessing, monitoring and reporting on achievement of the ACIC's performance. In particular, the committee should satisfy itself that:
 - the ACIC's Portfolio Budget Statements (PBS) and Corporate Plan contain appropriate details of how the ACIC's performance will be measured and assessed
 - the ACIC's approach to measuring its performance throughout the financial year against the performance measures included in its PBS and Corporate Plan is appropriate and in accordance with the Commonwealth performance framework. This may include reviewing, over time, particular elements of the performance measures, and
 - the ACIC has appropriate systems and processes for preparation of its annual performance statements and inclusion of the statements in its annual report.

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- ▶ The Committee will provide a statement as to the appropriateness of the accountable authority's annual performance statements and performance reporting as a whole, including any specific areas of concern or suggestions for improvement.

5.3 *Systems of risk oversight and management*

- ▶ The Committee will review and provide advice as to the appropriateness of the ACIC's:
 - risk management framework, including the necessary controls for the effective identification and management of the ACIC's key (strategic) risks
 - approach to managing agency risks (including those associated with individual projects and programs)
 - the process for developing and implementing fraud control arrangements consistent with the Fraud Control Framework, and processes and systems to detect, capture and respond to fraud risks, and
 - articulation of key roles and responsibilities relating to risk management and adherence to these by agency officials.
- ▶ The Committee will provide a statement as to the appropriateness of the ACIC's system of risk management and oversight as a whole and alignment to the Commonwealth Risk Management Policy, including any specific concerns or suggestions for improvement.

5.4 *Systems of internal control*

- ▶ The Committee review and provide advice on the appropriateness of the ACIC's:
 - internal control framework
 - legislative and policy compliance
 - security compliance
 - business continuity and disaster recovery, and
 - internal audit coverage and resourcing.
- ▶ The Committee will provide a written statement as to the appropriateness of the ACIC's system of internal control, including any specific areas of concern or suggestions for improvement.

6. *Engagement with the ANAO*

In undertaking its role, the Committee will engage with the ANAO, as the ACIC's external auditor, in relation to the ANAO's financial statements and performance audit coverage. In particular, the Committee will:

- ▶ monitor management's responses to all ANAO financial statements findings and recommendations, management letters and performance audit reports, including the implementation of audit recommendations

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- ▶ provide advice to the CEO on action to be taken on significant issues raised in relevant ANAO reports, and
- ▶ meet privately with the ANAO as required.

7. Annual forward work plan

As far as is practicable, the Committee should indicate which functions, systems or matters it will consider during any given year in a forward work plan, noting that it may also consider additional matters in response to changes in the agencies operations and environment.

8. Sub-committees

The Committee may establish one or more sub-committee(s) to assist the full Committee in meeting its responsibilities, in consultation with the CEO.

The responsibilities, membership and reporting arrangements for each sub-committee shall be documented and approved by the full Committee.

Sub-committees should not assume any management functions nor should management exert inappropriate influence over the work of sub-committees.

9. Reporting

The Chair will report to the CEO after each meeting. Any matter deemed of sufficient importance will be reported to the CEO immediately.

10. Administrative arrangements

10.1 Meetings

The Committee will meet at least four times per year. One or more special meetings may be held to review the ACIC's annual financial statements and performance statements or to meet other specific responsibilities.

The Chair is required to call a meeting if asked to do so by the CEO. The Chair will also decide if a meeting is required if requested by another member, Internal Audit or the ANAO.

The Committee may also consider matters and make decisions out of session as required.

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10.2 Planning

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 functions outlined in this Charter.

10.3 Quorum

A quorum will consist of a majority of Committee members, however must include at least one external member. The quorum must be in place at all times during the meeting for decision items.

10.4 Secretariat

The CEO, in consultation with the Committee, will appoint a person to provide secretariat support to the committee. 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; and ensure the minutes of the meetings are prepared and maintained.

Minutes must be reviewed by the Committee members and circulated in a timely manner to each member and Committee observers, as appropriate.

10.5 Conflicts of interest

Once each year, members of the Committee will provide written declarations, through the Chair, to the CEO declaring any material personal interests they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations and the ACIC, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

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, in consultation with the CEO where appropriate, if they should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of any material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

10.6 Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their responsibilities.

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11. *Committee assessment*

The Chair will undertake a review of the Committee's performance at least every two years. The review will be conducted on a self-assessment basis with input from Committee members, Internal Audit, the Secretariat, the ANAO, and any other stakeholders the Chair considers relevant.

The CEO will also make an assessment of the Committee's performance at least every two years. The CEO may seek input from any stakeholders considered relevant.

Both assessments of the Committee's performance will be aligned to the provision of advice and deliverables outlined in the Committee Charter.

12. *Review of charter*

At least once each year the Committee will review this charter. This review will include consultation with the CEO. Any substantive changes to the charter will be recommended by the Committee and formally approved by the CEO.