



# AUDIT AND RISK COMMITTEE CHARTER

<b>Independent Chair</b>	Mr Geoff Knuckey (as appointed by the Chief Executive Officer)
<b>Terms of Reference updated</b>	4 June 2025
<b>Secretariat</b>	Governance and Communication Branch
<b>Reporting line</b>	The Audit and Risk Committee reports directly to the Chief Executive Officer, Australian Criminal Intelligence Agency and the Director, Australian Institute of Criminology.
<b>Meeting frequency</b>	The Audit and Risk Committee will convene at least four times a year

## Purpose

The Audit and Risk 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) pursuant to Subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and in accordance with Section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

The Committee is established to provide independent advice to the CEO/Director, it has no managerial responsibilities and does not make decisions in relation to ACIC's processes and functions. The Committee is directly accountable to the CEO/Director for the performance of its functions.

## Key Activities and Deliverables

Consistent with Subsection 17(2) of the PGPA Rule, the role of the Committee is to provide independent advice to the CEO/Director on the appropriateness of the ACIC/AIC's financial and performance reporting, system of risk oversight and management, and the system of internal control.

### Financial Reporting [PGPA Rule 17(2)(a)]

The Committee will review the financial statements and provide independent advice to the CEO/Director on its view of the appropriateness of the ACIC/AIC's:

- annual financial statements and additional information required by the ACIC/AIC of Finance to prepare the Australian Government's consolidated financial statements, including the supplementary reporting package, specifically that they comply with the PGPA Act, PGPA Rules, Accounting Standards and supporting guidance;
- action in response to any issues raised by the external auditor, including financial statements adjustments or revised disclosures;
- processes to ensure that financial information included in the ACIC/AIC's Annual Reports is consistent with the signed financial statements; and

- financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

#### **Performance Reporting [PGPA Rule 17(2)(b)]**

The Committee will review the performance information, systems and framework, and provide independent advice to the CEO/Director on its view of the appropriateness of the ACIC/AIC's:

- systems and procedures for assessing, monitoring and reporting the achievement of the ACIC/AIC's performance, and determine that:
- the Portfolio Budget Statements and Corporate Plan contain appropriate details of how the ACIC/AIC will achieve its purposes and measure and assess its performance;
- the approach to measuring performance covers the whole performance reporting lifecycle and is appropriate and in accordance with the Commonwealth performance framework guidance;
- appropriate records are maintained to enable the preparation of the Annual Performance Statements and systems and processes are in place for inclusion of the statements in the annual report; and
- action being taken in response to any issues raised by the external auditor is appropriate.
- Annual Performance Statements and performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

#### **System of Risk Oversight and Management [PGPA Rule 17(2)(c)]**

The Committee will review the system of risk oversight and management and provide independent advice to the CEO/Director on its view of the appropriateness of the ACIC/AIC's:

- enterprise risk management policy frameworks and the necessary internal controls for the identification and management of key risks, including emerging risks and risks associated with significant projects and program implementation activities, in accordance with the Commonwealth Risk Management Policy;
- risk management capability and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to;
- approach for reporting on the management of risks to support the CEO/Director's role in oversight of risk management;
- processes for developing and implementing the ACIC/AIC's fraud and corruption control arrangements, including detecting, capturing and responding to fraud and corruption risk, in accordance with the Commonwealth Fraud and Corruption Control Framework;
- approach to business continuity and disaster recovery management, including its ongoing maintenance and periodic testing; and
- systems for risk oversight and risk management as a whole, with reference to the Commonwealth Risk Management Policy and any specific areas of concern or suggestions for improvement.

#### **System of Internal Control [PGPA Rule 17(2)(d)]**

The Committee will review the internal control framework and provide independent advice to the CEO/Director on its view of the appropriateness of the ACIC/AIC's:

- approach to maintaining an effective internal control framework;
- processes for ensuring relevant policies and procedures - such as accountable authority instructions, delegations and other key policies - are reviewed regularly and kept up to date;
- approach to implementing controls and systems to ensure compliance with, as well as monitoring compliance performance in relation to, significant and enabling legislation, regulations and Government policies, such as the Work Health and Safety Act 2011, Privacy Act 1988, Freedom of Information Act 1982, Protective Security Policy Framework, the finance law (including the PGPA Act) and Commonwealth Fraud and Corruption Control Framework;
- consideration of legislative compliance risks within the internal control framework, fraud and corruption control framework and planning;
- steps taken to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct;
- approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework, and ICT security policy;
- internal audit planning to ensure coverage and alignment with ACIC/AIC key risks, reporting on major concerns identified in internal audit reports, and recommending action on significant matters raised, and dissemination of information on good practice;
- processes for monitoring the implementation of external reports and recommendations of relevance to the ACIC/AIC's; particularly those of Parliamentary Committees and the ANAO; and
- systems for internal control, with reference to any specific areas of concern or suggestions for improvement.

### Additional Responsibilities

The CEO/Director requires the Committee to undertake the following additional functions beyond those prescribed by the PGPA Rule.

#### Internal Audit

- Monitor management's implementation of internal audit recommendations and report the results to the CEO/Director.
- Periodically review the performance of the internal auditor.
- Review reports from the internal auditor on the overall state of the ACIC/AIC's internal controls on an annual basis.
- Meet privately with the internal auditor at least once per year, if required.

#### External Audit

- Monitor management's responses to all external auditor financial statements management letters and performance audit reports, including the implementation of audit recommendations.
- Meet privately with the external auditor at least once per year, if required.

## Sub-Committees

The Committee may establish sub-committees, in consultation with the CEO/Director, to support the performance of its functions. The establishment of such sub-committees does not change the Committee's responsibilities under this Charter.

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

## Membership

In accordance with Subsection 17(3) and Subsection 17(4) of the PGPA Rule, membership of the Committee must consist of at least three persons who are not officials of ACIC/AIC; and a majority of the members must be persons who are not officials of any Commonwealth entity.

Members will be appointed by the CEO, or their delegate, for an initial fixed period. Members may be re-appointed for further periods as determined by the CEO/Director, after a formal review of their performance.

Members of the Committee will have appropriate qualifications, knowledge, skills or experience to assist the Committee perform its functions. Members are also expected to:

- have a good understanding of ACIC/AIC's functions, objectives and operational context;
- act in the best interests of the ACIC/AIC and the Commonwealth;
- form an independent and objective judgment regarding the advice related to its functions;
- 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.

Whilst not members of the Committee, the CEO, or their delegate, will appoint at least two internal advisers to attend meetings. Other internal advisers may also attend the ARC to provide advice. The Executive Director Corporate Governance and Communication will be standing adviser to the Committee.

The Chief Finance Officer and the National Manager, Governance and Communication Branch will observe each meeting, other ACIC/AIC representatives may attend meetings to provide subject matter expertise, as determined by the Chair, but will not be members of the Committee.

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

## Business Rules

### Meetings

The Committee will convene at least four times per year. The Chair is required to call a meeting if asked to do so by the CEO/Director, and decide if a meeting is required if requested by another member, the internal auditor, or the external auditor.

With the approval of the Chair, the Committee can also agree items out-of-session.

A quorum will consist of a majority of Committee members. The Chair is authorised to appoint an external member to act as Chair in the Chair's absence.

#### **Forward Work Plan**

The Committee will develop an annual work plan, detailing activities to be undertaken in order to address the functions outlined in this Charter. The forward work plan will be used as the basis to drive and shape the agenda for upcoming meetings.

Additional or emerging items will be added to the forward work plan if approved by the Chair.

#### **Secretariat Support**

ACIC will provide secretariat services to the Committee. The Secretariat will ensure the Chair approves the agenda for each meeting; the agenda and supporting papers are circulated at least five business days before each meeting; and the minutes of each meeting are prepared and maintained.

Minutes must be reviewed by the members prior to being included in the papers for the next meeting.

The Secretariat will maintain records in accordance with ACIC/AIC's obligations under the Archives Act 1983 and Section 37 of the Public Governance, Performance and Accountability Act 2013.

#### **Induction**

New members will be provided appropriate induction materials and briefings on their appointment to assist them to meet their responsibilities.

Members will be required to undertake (and maintain) an Organisational Suitability Assessment (OSA) as well as a national security clearance to the level of Negative Vetting Level One.

#### **Reporting**

The Chair will report to the CEO/Director after each meeting. Any matter deemed of sufficient importance will be reported to the CEO/Director immediately. In providing its view the Committee should also note any areas of concern, non-remediation of significant recommendations, and / or suggestions for system or process improvement.

The Committee will report annually to the CEO/Director on its operation and activities during the year and confirm that all functions outlined in this charter have been satisfactorily addressed.

#### **Disclosure and Use of Information**

Committee members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the CEO/Director.

### **Committee Assessment**

The Chair will initiate a review of the Committee's performance at least once every two years.

The review will be conducted on a self-assessment basis with appropriate input sought from committee members, senior management, and any other relevant stakeholders, as determined by the CEO/Director.

The outcomes of this review will be reported to the CEO/Director.

### **Review**

The Committee will review the appropriateness of this Charter annually. Any substantive changes to the Charter will be endorsed by the Committee and formally approved by the CEO/Director.