



Australian Government
**Australian Commission for
Law Enforcement Integrity**

Audit Committee Charter

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The Integrity Commissioner has established the Audit Committee (Committee) in accordance with section 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Contents

Objective	2
Functions.....	2
Authority	4
Membership.....	4
Independence	5
Meetings	5
Reporting	5
The Secretariat.....	6
Conflicts of Interest.....	6
Annual Report Requirements	6

Objective

The objective of the Committee is to provide independent advice and assurance to the Integrity Commissioner on the Australian Commission for Law Enforcement Integrity's (ACLEI's) accountability and control framework, including independently verifying and safeguarding the integrity of ACLEI's financial and performance reporting.

Functions

Subsection 17(2) of the *Public Governance, Performance and Accountability Rule 2014* (the Rule) establishes mandatory functions for audit committees:

Functions of the Audit Committee

(2) The functions must include reviewing the appropriateness of the accountable authority's:

- a) financial reporting; and*
 - b) performance reporting; and*
 - c) system of risk oversight and management; and*
 - d) system of internal control;*
- for the entity.*

Consistent with subsection 17 (1) of the Rule, the Integrity Commissioner has determined that the functions of the Committee are to review and give independent advice about the appropriateness of ACLEI's:

1. Financial reporting by:
 - reviewing ACLEI's processes and systems for preparing financial reporting information;
 - reviewing the processes in place to allow ACLEI to stay informed throughout the year of any changes or additional requirements in relation to financial reporting; and
 - reviewing ACLEI's annual financial statements.
2. Performance reporting by:
 - reviewing ACLEI's systems and procedures for assessing, monitoring and reporting on its performance; and
 - reviewing ACLEI's annual performance statements.
3. System of risk oversight and management by:
 - reviewing whether ACLEI management has a current and appropriate enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the entity's risks, in keeping with the Commonwealth Risk Management Policy;
 - satisfying itself that an appropriate approach has been followed in managing ACLEI's key risks—including those associated with individual projects and program implementation and activities;

- reviewing the process of developing and implementing ACLEI’s fraud control arrangements consistent with the fraud control framework, and satisfying itself that ACLEI has adequate processes for detecting, capturing and effectively responding to fraud risks; and
 - reviewing whether ACLEI management has adequately developed risk management capability and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to.
4. system of internal control:
- (a) internal control framework by:
- reviewing ACELI’s management’s approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing whether key policies and procedures are complied with; and
 - reviewing whether management has in operation relevant policies and procedures—such as accountable authority instructions, delegations, a business continuity management plan, or bullying and harassment policies.
- (b) legislative and policy compliance by:
- reviewing the effectiveness of systems for monitoring ACLEI’s compliance with laws, regulations and associated government policies with which the entity must comply; and
 - determining whether management has adequately considered legal and compliance risks as part of ACLEI’s enterprise risk management framework, fraud control framework and planning.
- (c) security compliance by:
- reviewing management’s approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework.
- (d) internal audit coverage by:
- reviewing the proposed internal audit coverage, ensuring that the coverage takes into account ACLEI’s primary risks, and recommending approval of the internal audit work plan by the Integrity Commissioner or the nominated delegate; and
 - reviewing all internal audit reports, providing advice to the Integrity Commissioner on major concerns identified in those reports, and recommending action on significant matters raised, including identification and dissemination of information on good practice.
5. business continuity by:
- satisfying itself that an appropriate approach has been taken in establishing business continuity planning arrangements—including whether business continuity and disaster recovery plans have been periodically updated and tested.
6. ethical and lawful conduct by:
- assessing whether the Integrity Commissioner 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.

7. parliamentary committee reports, external reviews and evaluations by:
 - satisfying itself that ACLEI has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of ACLEI and implementing, where appropriate, any resultant recommendations.

As far as is practicable, the Committee should indicate which matters it will consider during any given year in the Forward Work Plan, noting that it may consider other or additional matters in response to changes in ACLEI's operations and environment.

Authority

The Integrity Commissioner authorises the Committee, within the scope of its functions, to:

- Obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- Discuss any matters with the external auditor, internal audit service providers or other external parties (subject to confidentiality considerations and their legal obligation to protect information);
- Request the attendance of any employee at Committee meetings; and
- Subject to the Integrity Commissioner's approval, obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at ACLEI's expense.

Membership

Appointment of members

From 1 July 2021, consistent with subsection 17(4) of the Rule, the Integrity Commissioner will appoint at least three committee members who are not officials of ACLEI, and a majority of whom are not officials of any Commonwealth entity.

Committee members will be appointed for an initial period determined by the Integrity Commissioner. Members may be re-appointed at the Integrity Commissioner's discretion. The Integrity Commissioner may conduct a review into a member's performance before re-appointment, including consulting other committee members, the secretariat, other employees, and external auditor, internal audit service providers or other external parties.

Consistent with subsection 17(3) of the Rule the members, taken collectively, will have a broad range of knowledge, skills and experience relevant to the operations of ACLEI, including its information technology environment.

All members must be conversant with financial management reporting and at least one member of the Committee must have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of accounting and auditing standards.

Observers

Employees of the ANAO will not be members of the Committee but will receive notice of and may attend meetings as observers (in whole or in part) unless otherwise determined by the Chair or Committee.

Representatives of external providers of internal audit services will not be members of the Committee but may attend relevant Committee meetings (in whole or in part) as observers as determined by the Chair or Committee.

The Committee may meet separately with both the internal and external auditors. The Integrity Commissioner may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

Independence

The Committee provides independent advice and assurance to the Integrity Commissioner as the accountable authority.

The Committee has no executive powers in relation to the operations of ACLEI. The Committee may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the Integrity Commissioner accordingly.

Responsibility for the appropriateness of ACLEI's financial reporting, performance reporting, system of risk oversight and management, and system of internal control rests with the Integrity Commissioner and officials of ACLEI.

Meetings

The Committee will meet at least four times per year, and more often if required. Special meetings may be held to review ACLEI's annual financial statements and performance statements or to meet other specific responsibilities of the Committee under this Charter or under the *Public Governance, Performance and Accountability Act 2013*.

The Chair will call a meeting if requested to do so by the Integrity Commissioner, and may call a meeting if requested by another Committee member.

A quorum for any Committee meeting will be two members. In the absence of the Chair, a temporary Chair will be appointed by either the current Chair or the Integrity Commissioner.

Reporting

The Chair will report to the Integrity Commissioner in writing after each meeting. Any matter deemed of sufficient importance will be reported to the Integrity Commissioner after the meeting.

The Chair's reporting to the Integrity Commissioner will, after consideration of the particular matter by the Committee, include advice on:

- whether the annual financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance, and
- the appropriateness of ACLEI's performance reporting, system of risk oversight and management, and system of internal control.

The Chair may meet with the Integrity Commissioner after meetings or as required. The Committee will, as often as necessary and at least once a year, report to the Integrity Commissioner on its operation and activities during the year.

The Secretariat

The Integrity Commissioner will provide resources for secretariat support to the Committee. The Secretariat is responsible for circulating the agenda and supporting papers for each meeting, after approval from the Chair, at least one week before the meeting.

Minutes must be approved by the Chair and circulated within two weeks of the meeting to each member and Committee observers, as appropriate.

Conflicts of Interest

Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

Members with a conflict of interest will notify the Committee as soon as these issues become apparent. Any member with a conflict of interest will absent themselves from discussions about relevant matters.

Annual Report Requirements

Section 17AG of the Rule establishes a number of matters that entities must include in their annual report:

Audit Committee

2A) the annual report must include the following:

- a) A direct electronic address of the charter determining the functions of the audit committee for the entity;*
- b) The name of each member of the audit committee during the period;*
- c) The qualifications, knowledge, skills or experience of those members;*
- d) Information about each of those members' attendance at meetings of the audit committee during the period; and*
- e) The remuneration of each of those members.*

The Integrity Commissioner will ensure that these matters are reported in ACLEI's Annual Report.

Review of performance

The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. The outcomes of this assessment will be reported to the Integrity Commissioner.

Review of the Charter

At least once a year, the Committee will review this Charter. This review will include consultation with the Integrity Commissioner.

Any substantive changes to the Charter will be recommended by the Committee and subject to formal approval by the Integrity Commissioner.

Approved



Jaala Hinchcliffe

Integrity Commissioner

10 September 2021