



Audit Committee Charter

Date Wednesday, 10 August 2022

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1. Introduction

- 1.1 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).
- 1.2 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.

2. Legislative functions of audit committees

- 2.1 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.

3. Audit committee functions

- 3.1 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 financial reporting, performance reporting, system of risk oversight and management, system of internal control and additional functions as stipulated in this Charter.

3.2 Financial reporting:

- reviewing the processes and systems for preparing financial reporting information

- reviewing systems for financial record keeping
- reviewing the processes in place to ensure ACLEI is informed throughout the year of any changes or additional requirements in relation to financial reporting
- reviewing the annual financial statements and providing a statement to the Integrity Commissioner assessing the materiality and appropriateness of the financial statements.

3.3 Performance reporting:

- reviewing the systems and procedures for assessing, monitoring and reporting on its performance
- reviewing the annual performance measures and providing advice to the Integrity Commissioner
- providing a statement to the Integrity Commissioner about whether, in their view, the annual performance statements and performance reporting as a whole are appropriate, with reference to any specific areas of concern or suggestions for improvement.

3.4 System of risk oversight and management:

- reviewing whether 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
- reviewing the approach to managing ACLEI's key risks – including those associated with individual projects and program implementation and activities
- reviewing the process of developing and implementing 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, including reviewing the articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the entity
- providing a statement to the Integrity Commissioner about whether in their view the system of risk oversight and management as a whole is appropriate and any specific areas of concern or suggestions for improvement.

3.5 System of internal control:

- internal control framework:
 - reviewing management's approach to maintaining an effective internal control framework
 - reviewing whether management has in operation current and appropriate policies and procedures.
- legislative and policy compliance:
 - reviewing the effectiveness of systems for monitoring compliance with laws, regulations and associated government policies with which the entity must comply
 - determining whether management has adequately considered legal and compliance risks as part of ACLEI's enterprise risk management framework, fraud control framework and planning

- reviewing ACLEI’s mechanisms for compliance with the requirements of specific legislative requirements that are applicable to its activities, in particular the requirements of the *Law Enforcement Integrity Commissioner Act 2006* (LEIC Act) and *Law Enforcement Integrity Commissioner Regulations 2017* (LEIC Regulations).
- security compliance:
 - reviewing management’s approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework.
- internal audit coverage:
 - reviewing the proposed internal audit coverage, ensuring ACLEI’s enterprise risks are taken into account, and endorsing the internal audit plan for approval by the Integrity Commissioner or the nominated delegate
 - 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.
- providing a statement to the Integrity Commissioner on whether the system of internal control is appropriate for the entity, with reference to any specific areas of concern or suggestions for improvement.

4. Additional functions of the audit committee

4.1 Business continuity:

- Satisfying itself that an appropriate approach has been taken in establishing business continuity planning arrangements – including whether business continuity have been periodically updated and tested.

4.2 Ethical and lawful conduct

- Assess 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.

4.3 Parliamentary committee reports, external reviews and evaluations:

- 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.

5. Conduct of the audit committee

- 5.1 The Committee provides independent advice and assurance to the Integrity Commissioner as the accountable authority.
- 5.2 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.
- 5.3 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.

- 5.4 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.
- 5.5 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.
- 5.6 The Committee will conduct itself in the spirit of ACLEI's five values of professionalism, collaboration, accountability, respect/kindness and integrity.

6. Administrative arrangements

Appointment of members

- 6.1 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.
- 6.2 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.
- 6.3 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.
- 6.4 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

- 6.5 Employees of ACLEI and employees of the ANAO will not be members of the Committee but will receive notice of and may attend any meeting as observers (in whole or in part) unless otherwise determined by the Chair or Committee.
- 6.6 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.
- 6.7 The Committee may meet separately with both the internal and external auditors.
- 6.8 The Integrity Commissioner may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

Forward Work Plan

- 6.9 As far as is practicable, the Committee should indicate which matters it will consider during any given financial 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.

Meetings

- 6.10 It is anticipated that the Committee will meet four times per financial year, with meeting frequency driven by the requirements of Committee's forward work plan. Special meetings may be held to review ACLEI's annual financial statements and performance statements or to meet other specific responsibilities of this Committee under this Charter or under the PGPA Act.
- 6.11 The Chair will call a meeting when requested to do so by the Integrity Commissioner, and may call a meeting if requested by another Committee member.
- 6.12 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.

Secretariat

- 6.13 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 at least one week before the meeting.
- 6.14 Minutes must be approved by the Chair and circulated within two weeks of the meeting to each member and Committee observers, as appropriate.

7. Relationships

- 7.1 The secretariat assists the Committee in maintaining lines of communication with the Integrity Commissioner, sections of ACLEI, the internal audit provider and any external audit providers.
- 7.2 The Chair will report to the Integrity Commissioner in writing after each meeting. Any matter of sufficient importance will be reported to the Integrity Commissioner directly after the meeting.
- 7.3 The Chair may meet with the Integrity Commissioner after meetings or as required.

8. Conflicts of interest

- 8.1 Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Members with a conflict of interest will notify the Committee as soon as these issues become apparent.
- 8.2 Any member with a conflict of interest will absent themselves from discussions about relevant matters. Details of any conflicts of interest and the action taken by the affected member to absent themselves from the discussion must be appropriately minuted.

9. Reviewing and assessing committee performance

- 9.1 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.
- 9.2 The Integrity Commissioner can initiate an independent review of the Committee at their discretion.

10. Review of the Charter

- 10.1 The Committee will review this Charter at the beginning of each financial year. This review will include consultation with the Integrity Commissioner.
- 10.2 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 August 2022