

## AFP Audit Committee Charter

The Commissioner has established the Audit Committee in compliance with section 46 of the Financial Management and Accountability Act 1997 (FMA Act) and the Financial Management and Accountability Regulations 1997.

This charter sets out the committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

### Objective

The objective of the committee is to provide independent assurance and assistance to the Commissioner on the AFP's risk, control and compliance framework, and its external accountability responsibilities.

The Commissioner authorises the committee, within the scope of its role and responsibilities, 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, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee, including the Chief Executive, at committee meetings; and
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at AFP's expense.

### Composition and tenure

The committee will consist of at least six and not more than eight members appointed by the Commissioner. At least one member of the committee will be an external member.

The appointed members of the Committee are:

Chief Operating Officer,

- Two National Managers from Outcome 1 as nominated by the Commissioner,
- a Manager from one of the Offices,
- one of the following from ACT Policing:
  - Chief Police Officer
  - a Deputy Chief Police Officer, or
  - Director Corporate Services, and
- non-executive (external) members (at least one).

The Commissioner will appoint the Chair of the committee. The Commissioner may also appoint a Manager from a functional area within the AFP as a member of the committee.

Members are appointed to the committee independent of their position within the AFP and should not represent their respective business areas.

Members will normally be appointed for an initial period of three years after which they will be eligible for extension or re-appointment, after a formal review of their performance.

The Commissioner shall review the chairmanship of the Committee every year, and it may be filled by either a non-executive (external) member or the Chief Operating Officer. An external Chair shall have direct access to the Commissioner and shall be supported by the Chief Operating Officer as Deputy Chair.

The Commissioner, Chief Finance Officer and the Chief Audit Executive will not be members of the committee. The Commissioner has a standing invitation to attend all meetings and the Chief Finance Officer, Chief Information Officer and the Chief Audit Executive, may attend meetings as observers as determined by the Chair.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the AFP. At least one member of the committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

## Roles and responsibilities

The committee has no executive powers, except those expressly provided by the Finance Minister's Orders or delegated to it by the Commissioner.

The committee is directly responsible and accountable to the Commissioner for the exercise of its responsibilities. In carrying out its responsibilities, the committee must at all times recognise that primary responsibility for management of the AFP rests with the Commissioner.

The responsibilities of the committee may be revised or expanded in consultation with, or as requested by, the Commissioner from time to time.

The committee's responsibilities are to:

## Risk management

- review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of AFP's financial and business risks, including fraud;
- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- review the impact of AFP's risk management framework on its control environment and insurance arrangements;
- review whether a sound and effective approach has been followed in establishing AFP's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically; and
- review AFP's fraud control plan and satisfy itself the AFP has appropriate processes and systems in place to capture and effectively investigate fraud related information.

## Control framework

- review whether management has in place appropriate review mechanisms to assess the effectiveness of the internal control framework; and

- review whether management has in place relevant policies and procedures, including Commissioner Instructions or their equivalent, and that these are periodically reviewed and updated.

### External accountability

- review the financial statements and provide advice to the Commissioner (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Commissioner;
- satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal controls;
- review the processes in place designed to ensure that financial information included in AFP's annual report is consistent with the signed financial statements;
- review the Certificate of Compliance and provide advice to the Commissioner;
- satisfy itself that the AFP has appropriate mechanisms in place to review and implement, where appropriate, relevant Parliamentary Committee reports and recommendations; and
- satisfy itself that the AFP has a performance management framework that is linked to organisational objectives and outcomes.

### Legislative compliance

- determine whether management has appropriately considered legal and compliance risks as part of AFP's risk assessment and management arrangements; and
- review the effectiveness of the system for monitoring AFP's compliance with relevant laws, regulations and associated government policies.

### Internal audit

- act as a forum for communication between the Commissioner, senior management and internal and external audit;
- review the internal audit coverage in the form of annual and strategic audit plans, ensure the plans are based on AFP's risk management plan, and recommend approval of the plans by the Commissioner;
- advise the Commissioner on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan;
- oversee the coordination of audit programs conducted by internal and external audit and other review functions;
- review all audit reports and provide advice to the Commissioner on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice;
- monitor management's implementation of internal audit recommendations;

- review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;
- periodically review the performance of internal audit; and
- provide advice to the Commissioner on the appointment of the Chief Audit Executive.

### External audit

- act as a forum for communication between the Commissioner, senior management and internal and external audit;
- provide input and feedback on the financial statement and performance audit coverage planned by external audit and provide feedback on the audits provided;
- review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations; and
- provide advice to the Commissioner on action taken on significant issues raised in relevant external audit reports and better practice guides.

### Responsibilities of members

Members of the committee are expected to understand and observe the legal requirements of the FMA Act. Members are also expected to:

- contribute the time needed to study and understand the papers provided;
- apply good analytical skills, objectivity and good judgment; and
- express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.

### Reporting

The committee will regularly, but at least once a year, report to the Commissioner on its operation and activities during the year. The report should include:

- a summary of the work the committee performed to fully discharge its responsibilities during the preceding year;
- a summary of AFP's progress in addressing the findings and recommendations made in internal, external and Parliamentary Committee reports;
- an overall assessment of AFP's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the AFP; and
- details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

The committee may, at any time, report to the Commissioner any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Commissioner.

### Administrative arrangements

## Meetings

The committee will meet at least four times per year. A special meeting may be held to review AFP's annual financial statements.

The Chair is required to call a meeting if requested to do so by the Commissioner, or another committee member.

A Forward Meeting Plan, including meeting dates and agenda items, will be agreed by the committee each year. The forward meeting plan will cover all of the Audit Committee's responsibilities as detailed in this charter. The Forward Meeting Plan and supporting Action Plan are at Attachment A to this Charter.

## Attendance at meetings and quorums

A quorum will consist of a majority of committee members. Where there is more than one external member on the committee, a quorum will include at least one external member.

Meetings can be held in person, by telephone or by video conference.

The Chief Audit Executive and external audit representatives will be invited to attend each meeting, unless requested not to do so by the Chair of the committee. The committee may also request the Chief Finance Officer or other employees attend committee meetings or participate for certain agenda items.

The committee will meet separately with both the internal and external auditors at least once a year.

The Commissioner has a standing invitation to attend all committee meetings and may be also be invited to by the Chair to participate in specific discussions or provide strategic briefings to the committee.

The external members of the committee will meet separately with the Commissioner at least annually.

## Secretariat

MIABA shall attend all meetings of the Committee, and shall be responsible for providing secretarial support to the Committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one week before the meeting, and ensure the minutes of the meetings are prepared and maintained. 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

Once a year Audit Committee members will provide written declarations to the Commissioner stating they do not have any conflicts of interest that would preclude them from being members of the committee.

Audit 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 recorded in the minutes of the meeting.

Where members or observers at Audit Committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from committee deliberations on the issue where a conflict of interest exists.

## Induction

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

## Assessment arrangements

The Chair of the Audit Committee, in consultation with the Commissioner, will initiate a review of the performance of the committee at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Commissioner) with appropriate input sought from the Commissioner, the internal and external auditors, management and any other relevant stakeholders, as determined by the Commissioner.

## Review of charter

At least once a year the committee will review this charter. This review will include consultation with the Commissioner.

Any substantive changes to the charter will be recommended by the committee and formally approved by the Commissioner.

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