

OFFICIAL



AFP

Audit and Risk Committee Charter

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Endorsed by:	Audit and Risk Committee (Committee)
Owner:	Strategy and Performance Office (SPO)
Contact:	Central Secretariat Unit (CSU)

Purpose

This Charter establishes the role, authority, responsibilities, membership and operating arrangements of the AFP Audit and Risk Committee (Committee). It provides the governance framework for the Committee to fulfil its functions and provide independent advice to the Commissioner regarding financial reporting, performance reporting, risk oversight and management, and internal control.

This Charter should be read in conjunction with the Committee's Forward Work Plan (FWP), which sets out the annual activities, reviews and priorities through which the Committee fulfils its responsibilities under this Charter.

Role

The Commissioner has established the Committee in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

The role of the Committee is to provide independent advice and assurance to the Commissioner on the appropriateness of the AFP's:

- Financial reporting
- Performance reporting
- System of risk oversight and management
- System of internal control

In performing its role, the Committee supports the Commissioner in discharging their governance responsibilities under the PGPA Act.

Functions

In accordance with subsection 17(2) of the PGPA Rule, the Commissioner has determined that the functions of the Committee are to review and provide independent advice regarding the appropriateness of the AFP's:

1. Financial reporting

- The AFP's financial reporting framework and processes.
- Annual financial statements and associated disclosures.
- Information provided for Australian Government consolidated financial reporting purpose.
- Special purpose financial statements prepared by AFP-controlled or administered entities.
- Compliance with applicable legislative, accounting and reporting requirements.
- The AFP's financial reporting, including any significant issues or improvement opportunities.

2. Performance reporting

- Portfolio Budget Statement (PBS) performance measures.
- Corporate Plan performance measures.

- The AFP's annual performance statements, including compliance with the PGPA Act and Rule.
- The AFP's performance reporting as a whole, including the framework for developing and reporting key performance indicators for inclusion in the above publications, any specific areas of concern or improvement opportunities.

3. System of risk oversight and management

- The appropriateness of the AFP's systems for risk oversight and risk management as a whole, with reference to the Commonwealth Risk Management Policy and Protective Security Policy Framework (PSPF).
- Whether the process for developing and implementing the AFP's fraud and corruption control arrangements are consistent with the Commonwealth Fraud and Corruption Control Framework, and the AFP has appropriate processes and systems in place to detect, capture and effectively respond to fraud and corruption risks, and project and program risks.

4. System of internal control

- The AFP's overall control environment, as reflected in its governance, risk management and assurance arrangements.
- The systems for monitoring the AFP's compliance with laws, regulations and associated government policies.
- Business continuity planning arrangements including whether business continuity and disaster recovery plans have been periodically updated and tested.
- Internal audit resourcing and coverage in relation to the AFP's key ~~risks, and risks and~~ reviewing and endorsing the Internal Audit Work Plan (IAWP) for approval by the Commissioner.
- Internal and external audit reports, relevant corporate related matters from parliamentary committee reports and external reviews, providing advice to the Commissioner about significant issues identified, and monitor the appropriateness of the systems and processes in place to implement agreed actions.
- ICT and physical security controls including compliance with PSPF.
- The appropriateness of the AFP's systems for internal control, with reference to any specific areas of concern or suggestions for improvement to the controls and systems in place.
- The appropriateness of the Internal Audit Charter and recommending its endorsement to the Commissioner, to support the independence and effectiveness of Internal Audit.
- The Internal Audit Quality Assurance and Improvement Program (QAIP), including review of results from periodic internal and external assessments, and provision of advice to the Commissioner on any identified issues or improvement opportunities.

Authority

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

- obtain any information it requires from any AFP officials or external parties, subject to legal requirements;

- discuss any matters with the external auditor, the Australian National Audit Office (ANAO) or other relevant parties, subject to confidentiality considerations;
- request the attendance of AFP appointees at Committee meetings and;
- obtain independent legal, professional or technical advice at the AFP's expense, subject to applicable delegation limits and procurement requirements.

Committee members will have unrestricted access to information relevant to the performance of the Committee's functions.

Membership

The Committee will consist of at least three external members appointed by the Commissioner, including a Chair. The Chair may appoint a Deputy Chair from among the Committee members.

All members must possess qualifications, knowledge, skills or experience that collectively enable the Committee to effectively perform its functions.

In accordance with section 17 of the PGPA Rule:

- all Committee members must be persons who are not officials of the AFP;
- the majority of Committee members must be persons who are not officials of any Commonwealth entity.

Members will be appointed for a term determined by the Commissioner and may be reappointed, subject to performance and ongoing capability requirements.

Members may be supported at meetings by Senior Advisors appointed by the Commissioner consisting of AFP Senior Executive with standing invitations to meetings issued by the Chair. Senior Advisors will receive all papers and attend all meetings.

Representatives of external audit, the ANAO, the Chief Audit Executive (CAE)/Chief Risk Officer (CRO) and other advisors will be invited to attend meetings as observers as determined by the Chair.

Responsibilities

Members are expected to understand and observe the legal requirements of the *PGPA Act 2013* and *PGPA Rule 2014*, as well as the following responsibilities:

- act in the best interests of the Commonwealth;
- apply sound judgement, objectivity and professional scepticism;
- express opinions constructively and raise issues that relate to the AFP's responsibilities and pursue independent lines of enquiry;
- commit sufficient time to fully discharge the Committee's responsibilities, including preparation, meeting attendance and out-of-session engagement;
- hold, or have the capacity to obtain and maintain, a Negative Vetting Level 1 (NV1) security clearance and;
- provide feedback to the Commissioner on the performance, independence, and resourcing of the CAE, and advise on matters relating to their appointment or removal where appropriate.

Induction

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

Independence

The Committee is an advisory body and does not have executive powers, management responsibilities or decision-making authority in relation to the operations of the AFP.

Responsibility and accountability for the governance, performance and administration of the AFP remain with the Commissioner and AFP officials.

The Committee is directly accountable to the Commissioner for the performance of its functions.

The Committee will perform its functions independently and objectively and will provide impartial advice to the Commissioner.

The Committee will support Internal Audit in maintaining organisational independence, ensuring it has unrestricted access to records, personnel, and physical property necessary to perform its role.

Meetings

The Committee will meet at least four times per year. Special meetings may be held to review the IAWP and the AFP's annual financial and performance statements. The Chair will call a meeting if requested by the Commissioner, the CAE or the ANAO.

Reporting

Following each meeting, the Chair will report to the Commissioner on significant matters considered by the Committee and any advice provided.

The Chair may meet with the Commissioner at any time to discuss matters arising from the Committee's work.

The Committee will provide an annual report to the Commissioner summarising:

- the Committee's activities during the year;
- significant issues considered by the Committee and;
- advice provided to the Commissioner and;
- the Committee's assessment of its performance and fulfilment of its functions under this Charter.

Attendance and quorums

A quorum of a majority of Committee members must be present at each meeting. Members are not permitted to send proxies if they are unable to attend meetings. Attendance by non-members is at the discretion of the Chair.

Forward Work Plan

The Committee will maintain a FWP to support the fulfilment of its responsibilities under this Charter.

The FWP will provide coverage of all the Committee functions and will be reviewed periodically to ensure it remains aligned with the AFP's risks, priorities and legislative obligations.

Secretariat

The Committee will be supported by a Secretariat provided by Strategy and Performance Command.

The Secretariat will provide administrative and governance support to the Committee, including:

- coordinating meetings;
- preparing agendas in consultation with the Chair;
- distributing meeting papers and;
- maintaining records and minutes.

Conflicts of interest

Members must disclose any actual, potential or perceived conflict of interest (COI) that may affect, or appear to affect, the proper performance of their responsibilities.

Members will provide an annual written declaration of interests to the Chair for provision to the Commissioner.

At the commencement of each meeting, members will declare any COI relevant to matters on the agenda. The Chair will determine any action required to manage declared COI, including whether a member should be absent from discussion or consideration of a particular matter.

All declared COI and associated management actions will be recorded in the meeting minutes.

Review of committee performance

The Committee will periodically assess its performance against this Charter and relevant better practice expectations.

A formal review of Committee performance will be conducted at least every two years, or more frequently if determined by the Commissioner.

The Commissioner may direct that an independent external review be undertaken where considered appropriate.

Review of charter

The Committee will review this Charter annually having regard to:

- legislative requirements;
- Department of Finance guidance;
- relevant professional standards;

- the AFP operating environment and;
- contemporary better practice.

Any substantive amendments to the Charter will be recommended to the Commissioner for approval.

This Charter is intended to be publicly available and supports transparency regarding the role, responsibilities and operation of the AFP Audit and Risk Committee.