

The Office of the Inspector-General of Intelligence and Security Audit Committee Charter

Effective Date: 23 April 2024

Introduction

The Inspector-General of Intelligence and Security (the Inspector-General), as the Accountable Authority, has established the Audit Committee (the Committee) for the Office of the Inspector-General of Intelligence and Security (IGIS) in compliance 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).

Role

The Committee's role is to provide independent assurance and advice to the Inspector-General, including reviewing the appropriateness of IGIS's financial and performance reporting responsibilities, system of risk oversight and management, and system of internal control.

The Committee is not responsible for the executive management of these functions. The Committee will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the Inspector-General.

Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and PGPA Rule. Members are also expected to:

- act in an objective, impartial manner, in the best interests of IGIS as a whole
- apply good analytical skills, objectivity and good judgment
- express opinions constructively and openly and raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
- develop an understanding of IGIS's operating context; and
- contribute the time required to meet their responsibilities.

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 Inspector-General.

The Committee will be assisted by IGIS's internal audit function that will be responsible for delivering an internal audit program in line with the Committee's guidance and subject to approval by the Inspector-General.

Authority

The Inspector-General authorises the Committee, in accordance with its role and responsibilities, to:

- obtain any information it requires from any official or external party (subject to any legal obligation to protect information)
- discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations)
- request the attendance of any official, including the Inspector-General, at committee meetings; and
- obtain legal or other professional advice, as considered necessary to fulfil its role, at IGIS's expense, subject to approval by the Inspector-General or the Deputy Inspector-General.

Membership

The Committee will consist of at least three committee members, appointed by the Inspector-General:

- a) none of whom are officials of IGIS, and
- b) a majority of whom are not officials of any Commonwealth entity.

The Inspector-General will appoint one of the Committee members as Committee Chair. The Inspector-General or Chair may appoint one of the Committee members as Acting Committee Chair if necessary.

The Inspector-General or Chief Financial Officer cannot be members of the Committee, however, may attend meetings in an advisory or observer capacity. Other management representatives may also attend meetings as advisers or observers as determined by the Chair.

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

The members, taken collectively, will have a broad range of skills, knowledge, and experience relevant to the operations of IGIS, including in the areas of financial reporting, performance reporting, risk management, and systems of internal control. At least one member of the Committee will have accounting or related financial management experience, with an understanding of current accounting and auditing standards in a public sector environment.

Members will be appointed for an initial period determined by the Inspector-General, but not exceeding three years. Members may be re-appointed after a review of their performance, for further periods as determined by the Inspector-General.

Functions

Financial Reporting

The Committee will review and provide advice on the appropriateness of IGIS's:

- annual financial statements
- information (other than annual financial statements) requested by the Department of Finance in preparing the Australian Government's consolidated financial statements, including the supplementary reporting package
- processes and systems for preparing financial reporting information

- financial record keeping; and,
- processes in place to allow IGIS to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.

Performance Reporting

The Committee will review and provide advice on the appropriateness of IGIS's:

- systems and procedures for assessing, monitoring and reporting the achievement of IGIS's performance. In particular, the Committee will satisfy itself that:
 - IGIS's Portfolio Budget Statements and Corporate Plan contain appropriate details of how IGIS's performance will be measured and assessed
 - IGIS's approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is appropriate and is in accordance with the Commonwealth Performance Framework
 - IGIS has appropriate systems and processes for the preparation of its annual performance statement and inclusion of the statement in its annual report.
- annual performance statement.

The Committee will provide annually a written statement to the Inspector-General as to whether, in the Committee's view, the annual performance statement and performance reporting as a whole is appropriate, and complies with the PGPA Act and the Rule, with reference to any specific areas of concern or suggestions for improvement.

Systems of Risk Oversight and Management

The Committee will review and provide advice on the appropriateness of IGIS's:

- risk management policy framework and the necessary internal controls for the effective identification and management of IGIS's risks, in accordance with the Commonwealth Risk Management Policy
- approach to managing IGIS's key risks including those associated with individual projects and program implementation, and activities
- process for developing and implementing IGIS's fraud and corruption control arrangements consistent with the Commonwealth Fraud and Corruption Control Framework, and satisfy itself that IGIS has adequate processes for detecting, capturing and effectively responding to fraud and corruption risks
- articulation of key roles and responsibilities relating to risk management and adherence to them by IGIS staff.

The Committee will provide annually a written statement to the Inspector-General as to whether, in the Committee's view, the system of risk oversight and management as a whole is appropriate, and is in accordance with the Commonwealth Risk Management Policy, with reference to any specific areas of concern or suggestions for improvement.

Systems of Internal Control

The Committee will review and provide advice on the appropriateness of IGIS's:

- Internal control framework

- reviewing management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing compliance with key policies and procedures
- reviewing whether management has in place relevant operational policies and procedures, including Accountable Authority Instructions, delegations, a business continuity management plan or bullying and harassment policies and that these are periodically reviewed and updated.
- Legislative and policy compliance
 - reviewing the effectiveness of systems for monitoring IGIS's compliance with laws, regulations and associated government policies with which IGIS must comply
 - determining whether management has adequately considered legal and compliance risks as part of IGIS's enterprise risk management framework, fraud control framework and planning.
- Security compliance
 - reviewing management's approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework (PSPF) and ICT security policy.
- Internal audit coverage
 - reviewing the proposed internal audit coverage, ensuring that the coverage considers IGIS's primary risks, and recommending approval of the internal audit work program by the Inspector-General
 - reviewing all internal audit reports, providing advice to the Inspector-General on major concerns identified in those reports, and recommending action on significant matters raised – including identification and dissemination of information on good practice; and
 - monitor management's implementation of internal audit recommendations.

The Committee will provide annually a written statement to the Inspector-General as to whether, in the Committee's view, the system of internal control is appropriate, with reference to any specific areas of concern or suggestions for improvement.

Additional Functions

The Committee will review and provide advice on the appropriateness of IGIS's:

- Business Continuity Management
 - satisfy itself that an appropriate approach has been taken in establishing the business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.
- Ethical and lawful conduct
 - assess whether the Inspector-General has taken steps to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful behaviour.
- Parliamentary committee reports, external reviews and evaluations
 - satisfy itself that IGIS has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of IGIS and implementing, where appropriate, any resultant recommendations.

Undertake other activities related to its responsibilities as requested by the Inspector-General.

Engagement with stakeholders

The Committee will engage with the IGIS's internal auditors, other audit providers engaged to undertake supplementary audits and management representatives, as required. In particular, the Committee will:

- periodically review the performance of internal audit, and report the results to the Inspector-General
- provide advice to the Inspector-General on the appointment of the internal audit service provider
- meet privately with the IGIS's internal audit service provider at least once each year.

The Committee will engage with the ANAO, as the IGIS's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular the Committee will:

- provide input on planned ANAO financial statement and performance audit coverage
- review IGIS specific and relevant cross-entity external performance audit reports and monitor management's response and implementation of audit recommendations
- provide advice to the Inspector-General on action to be taken on significant issues raised in relevant ANAO reports or better practice guides; and
- meet privately with the ANAO at least once per year.

Reporting

The Committee will report to the Inspector-General at least once per year on its operations and activities and confirm to the Inspector-General that all functions outlined in this Charter have been satisfactorily addressed.

The Committee, may at any time, report to the Inspector-General on any matter it deems of sufficient importance. In addition, at any time an individual Committee member may request a meeting with the Inspector-General.

Administrative Arrangements

Meetings

The Committee will meet at least four times per year. One or more of those meetings will be a special meeting held to review IGIS's annual financial statements and performance statements or to meet other specific responsibilities of the Committee.

The Chair is required to call a meeting if asked to do so by the Inspector-General, and decide if a meeting is required if requested by another member, internal audit or the ANAO.

A quorum will consist of two committee members, and must be in place at all times during the meeting.

Planning

Each year, the Committee will prepare a forward work plan that outlines its meeting schedule, proposed agenda items and the activities to be undertaken to ensure the Committee achieves the functions of this Charter.

Secretariat

The Inspector-General, in consultation with the Committee, will appoint a person to provide secretariat support to the Committee. The Secretariat will:

- ensure the agenda for each meeting is approved by the Chair
- circulate the agenda and supporting papers at least one week before the meeting
- ensure the minutes of the meetings are prepared and maintained. Minutes must be reviewed by the Chair and circulated in a timely manner to each member and Committee advisers and observers, as appropriate.

Conflicts of Interest

Once each year, Committee members will provide written declarations to the Chair, declaring any material personal interests they may have in relation to their responsibilities, for noting by the Inspector-General. Members should consider past employment, consultancy arrangements and related party issues in making these declarations. The Inspector-General, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each Committee meeting, members are required to declare any material personal interests that may apply to specific matters on the meeting agenda. If required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding, in consultation with the Inspector-General where appropriate, if he/she should excuse themselves from the meeting or from the Committee's consideration of the relevant agenda item(s).

The Secretariat will record any declarations made by Committee members, and any action in the meeting minutes.

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 Committee, in consultation with the Inspector-General, 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 Inspector-General) with appropriate input sought from the Inspector-General, committee members, senior management, internal audit, the ANAO, and any other relevant stakeholders, as determined by the Inspector-General.

The Chair will provide advice to the Inspector-General on a member's performance where an extension of the member's tenure is being considered.

Review of Charter

At least once a year the Committee will review this Charter in consultation with the Inspector-General.

Any changes to the charter will be recommended by the Committee for formal approval by the Inspector-General.



The Hon Christopher Jessup KC
Inspector-General

23/4/2024

