



# Audit Committee

## Charter

### 1. Legislative Basis

The Director General, as the accountable authority for IP Australia, has established the Audit Committee (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).

### 2. Objective

The objective of the Committee is to provide independent advice and assurance to the Director General (and to the Executive and senior managers) on IP Australia's accountability and control framework, including independently verifying and safeguarding the integrity of IP Australia's financial and performance reporting.

### 3. Functions

- 3.1 Section 17 of the PGPA Rule establishes mandatory functions for audit committees. The functions of the Committee are to review the appropriateness of IP Australia's:
  - financial reporting;
  - performance reporting;
  - systems of risk oversight and management; and
  - systems of internal control.
- 3.2 The Committee will set out the matters it plans to consider in discharging these functions in a Work Plan provided to the Director General.
- 3.3 The Committee will provide independent written advice to the Director General on the appropriateness of these functions as a whole with reference to any specific areas of concern or suggestions for improvement in accordance with the Work Plan.

### 4. Membership

- 4.1. The Committee will consist of at least three [3] members, appointed by the Director General, all of which will be external (that is, persons who are not officials of any Commonwealth entity).
- 4.2. In order to discharge the functions of the Committee:

- members will have a broad range of knowledge, skills and experience relevant to the operations of IP Australia, including its production and information technology environment.
  - members should be conversant with financial management and reporting.
  - at least one member of the Committee should have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of accounting and auditing standards.
- 4.3. Members, including the Chair, will be appointed for an initial period, not exceeding three years, by the Director General. Members may be re-appointed after a formal review of their performance for further periods up to a maximum total term of six years. The Director General has discretion to extend beyond that term where appropriate.
- 4.4. The Chair may delegate the position of Chair to another member. This delegation must be for a specified period and actioned in writing by the Chair to the Director General. On expiry of the specified period, the position reverts back to the Director General's originally appointed Chair.
- 4.5. The Chair may invite the attendance of any employee to attend relevant Committee meetings (in whole or in part) as observers, as determined by the Chair or by the Committee.
- 4.6. The Committee will be supported by IP Australia advisors as agreed by the Director General and the Chair. The advisors must be officials at the Executive level and will receive all papers and attend all meetings.

## **5. Conduct of the Committee**

### **5.1. Authority**

The Director General authorises the Committee, within the scope of its role and responsibilities, to:

- 5.1.1. Obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- 5.1.2. Discuss any matters with the external auditor, internal audit service provider or other external parties (subject to confidentiality considerations);
- 5.1.3. Request the attendance of any employee, including the Director General, at Committee meetings; and
- 5.1.4. Obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at IP Australia's expense.

### **5.2. Independence**

- 5.2.1. The Committee is directly accountable to the Director General of IP Australia for the performance of its functions.

- 5.2.2. The Committee has no executive powers in relation to the operations of IP Australia. The Committee may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the Director General accordingly.
- 5.2.3. Responsibility for the appropriateness of IP Australia's financial reporting, performance reporting, system of risk oversight and management, and system of internal control rests with the Director General and members of the Executive.
- 5.2.4. Members must not use or disclose information obtained by the Committee in meeting its responsibilities outside of IP Australia unless expressly agreed by the Director General.
- 5.3. **Reporting**
  - 5.3.1. As set out in the Work Plan, the Chair will report to the Director General on key issues arising from the Committee's meeting and activities, including an annual report acquitting the Committee's responsibilities against this Charter.
  - 5.3.2. Any matter deemed of sufficient importance will be reported to the Director General immediately by the Chair or member.
  - 5.3.3. A Committee member may request a meeting with the Director General at any time.
- 5.4. **Conflicts of interest**
  - 5.4.1. Once a year, members will provide written declarations to the Chair for provision to the Director General declaring any perceived, potential or actual conflicts of interest they may have in relation to their responsibilities.
  - 5.4.2. Audit Committee members and observers must declare any perceived, potential or actual conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of conflicts of interest will be minuted.
  - 5.4.3. Audit Committee members must disclose to the Director-General their membership of or participation in the committees or boards of any other agency or organisation, and any changes to this information as soon as is practical.
- 5.5. **Review of performance**
  - 5.5.1. The Chair will initiate a self-assessment of the performance of the Committee annually. The outcomes of this assessment will be reported to the Director General.
  - 5.5.2. The Director General will initiate an independent review of the performance of the Audit-Committee once every five years. The outcomes of this assessment will be reported to the Committee.
- 5.6. **Review of the charter**

- 5.6.1. At least once a year the Committee will review this charter against current best practice, relevant professional standards and any new legislation or regulations. This review will include consultation with the Director General.
- 5.6.2. Any substantive changes to this Charter will be recommended by the Committee and formally approved by the Director General.

## **6. Administration Arrangements**

### **6.1. Meetings**

- 6.1.1. The Committee will meet at least four times per year, and more often if required by the Chair.
- 6.1.2. The Chair will call a meeting if requested to do so by the Director General, and may call a meeting if requested by another Committee member.
- 6.1.3. A quorum for any Audit Committee meeting will be at least two members, one of whom must be the Chair and one must be an external member.

### **6.2. Secretariat**

- 6.2.1. The Assurance and Governance function will provide secretariat support to the Committee.
- 6.2.2. The Secretariat will:
  - ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair;
  - ensure the minutes of the meetings are prepared and maintained; and
  - assist the Chair with reporting and keeping the Director General and Executive informed of the work of the Committee.