



## Audit Committee Charter

### Revision History

Date	Changes
June 2012	Review – aligned with ANAO Better Practice Guide “ <i>Public Sector Audit Committees (2011)</i> ”, FMA Reg 22C and related AEC documents table revised
January 2013	Formatting – aligned with AEC Calendar of Events.
March 2014	Review & Formatting – new template added, updated composition and erased evaluation content for new constitution of Audit Committee.
June 2014	Review – to reflect changes from FMA Act to PGPA Act/Rules
January 2015	Review – aligned with Department of Industry’s PGPA Charter and ANAO guidance
December 2015	Formatting – aligned with Corporate Style Guide
April 2016	Approved by acting Director General.
September 2016	Addition of new item - Delegation of the Chair
09 September 2016	Approval by Director General – Re: New Item: Delegation of the Chair
11 September 2017	Consideration by the Audit Committee on amendments to the Charter to reflect Commonwealth Performance Reporting obligations s17(2) of the PGPA Rule, including the requirement in s1792(b) that functions of the audit committee must include reviewing the appropriateness of the accountable authority’s performance reporting.
9 November 2018	Charter redrafted in line with RMG 202 and following input from Audit Committee members at meeting of 12 September 2018.
21 December 2018	Approval by Director General
4 December 2019	Charter reviewed; no changes.

## 1 Legislative Basis

The Director General, as the accountable authority for IP Australia, has established the Audit 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 Act 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 an entity's financial and performance reporting.

## 3 Functions

- 3.1 Section 17 of the Public Governance, Performance and Accountability Rule 2014 (the 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 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. The Committee will report the outcomes of its review of the appropriateness of these functions in an Annual Report to the Director General. The Committee will recommend an internal audit and assurance plan to the Director General and recommend subsequent changes to that plan, as appropriate.
- 3.3 The Committee will indicate to the Director General which matters it plans to consider in conducting the Committee's functions for the year in a Work Plan.

## 4. Membership

- 4.1. The Committee will consist of at least five [5] members, appointed by the Director General, the majority of which will be external. Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of IP Australia.
- 4.2. Committee members 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 as specified by the Director General.
- 4.3. The members, taken collectively, will have a broad range of knowledge, skills and experience relevant to the operations of IP Australia, including its production and information technology environment. All members should be conversant with financial management reporting and 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.

- 4.4. The Director General will appoint the Chair of the Committee, who may or may not be an external member.
- 4.5. The Chair may delegate the position of Chair to a member on an as required basis. 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.
- 4.6. The Director General, Deputy Director General, Chief Financial Officer, Chief Information Officer, and Director Audit may attend meetings as observers as determined by the Chair, but will not be members of the Committee.
- 4.7. Representatives from the ANAO and providers of internal audit services may attend relevant Committee meetings (in whole or in part) as observers, as determined by the Chair or by the Committee.

## **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 the IP Australia's expense.

### **5.2. Independence**

- 5.2.1. The Audit Committee is directly accountable to the Director General of IP Australia for the performance of its functions.
- 5.2.2. The Audit Committee has no executive powers in relation to the operations of IP Australia. The Audit 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 with a conflict of interest will notify the Chair as soon as these issues become apparent. Any member with a conflict of interest will absent themselves from discussions about relevant matters.
- 5.2.5. 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 Secretary.

### **5.3. Reporting**

- 5.3.1. The Chair will report to the Director General after each meeting. Any matter deemed of sufficient importance will be reported to the Director General immediately.
- 5.3.2. The Chair will provide an annual report to the Director General. This report will provide an overview to of the Audit Committees operation and activities across the financial year.
- 5.3.3. As part of the annual report, the Audit Committee will report on its acquittal of its charter responsibilities in respect of performance reporting, including any advice regarding appropriateness. NOTE: Any comment on appropriateness will focus on the application of the enhanced Commonwealth Reporting Framework and will not provide suggestions on appropriateness of individual KPIs.
- 5.3.4. The Committee may, at any time, report to the Director General on any other matter it deems of sufficient importance to do so on. In addition, at any time an individual Committee member may request a meeting with the Director General.

### **5.4. Conflicts of interest**

- 5.4.1. Once a year, Audit Committee members will provide written declarations to the Chair for provision to the Director General declaring any 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 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 minuted.

### **5.5. Review of performance**

The Chair 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 Director General.

### **5.6. Review of the charter**

- 5.6.1. At least once a year the Committee will review this charter. This review will include consultation with the Director General.
- 5.6.2. Any substantive changes to the charter will be recommended by the Committee and formally approved by the Director General.

## **6. Administrative Arrangements**

### **6.1. Meetings**

- 6.1.1. The Committee will meet at least four times per year, and more often if required. Special meetings may be held to review the IP Australia's annual financial statements or to meet other specific responsibilities of the committee.

- 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 three members, one of whom must be the Chair and one of whom must be an external member.

## **6.2. Planning**

The Committee will develop an annual meeting schedule that includes the dates, location, and proposed agenda items for each meeting for the forthcoming year, and that covers all the responsibilities outlined in this Charter and the Work Plan.

## **6.3. Secretariat**

- 6.3.1. The Internal Audit Manager will provide secretariat support to the Committee.
- 6.3.2. 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
  - ensure the minutes of the meetings are prepared and maintained. The Chair reviews the minutes for approval by the Committee.
  - assist the Chair with reporting and keeping the Director General and Executive informed of the work of the Committee.