

Audit Committee Charter

Valid as at September 2020

1. The Australian Statistician 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 Rule 2014* (PGPA Rule).

Functions

2. Consistent with subsection 17(2) of the PGPA Rule, the functions of the Audit Committee include reviewing the appropriateness¹ of the Australian Statistician's financial reporting; performance reporting; system of risk oversight and management; and system of internal control.

Financial Reporting

3. The Audit Committee will review and provide written advice to the Australian Statistician on the appropriateness of:
 - a. the annual financial statements and their compliance with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance, and recommend the signing of the financial statements by the Australian Statistician;
 - b. ABS' consolidated financial statements supplementary reporting pack; and
 - c. ABS' financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance Reporting

4. The Audit Committee will review and provide written advice to the Australian Statistician on the appropriateness of:
 - a. performance information included in the Portfolio Budget Statements and the Corporate Plan;
 - b. the framework for developing and reporting performance information and ABS' annual performance statement;
 - c. the annual performance statement; and
 - d. ABS' performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

System of Risk Oversight and Management

5. The Audit Committee will review and provide written advice to the Australian Statistician on the appropriateness of:
 - a. ABS' enterprise risk management framework and internal controls for the effective identification and management of its risks, consistent with the Commonwealth Risk

¹ For the purposes of the PGPA Act, PGPA Rule and this Charter, and consistent with rules of statutory interpretation, 'appropriateness' has its ordinary meaning of 'suitable or fitting for a particular purpose'.

- Management Policy;
- b. the approach to managing ABS' key risks, including those associated with projects, program implementation and activities;
- c. ABS' fraud control arrangements to detect, capture and effectively respond to fraud risks consistent with the Commonwealth Fraud Control Framework; and
- d. ABS' system of risk oversight and management as a whole, with reference to the Commonwealth Risk Management Policy and Commonwealth Fraud Control Framework, referring to any specific areas of concern or suggestions for improvement.

System of Internal Control

6. The Audit Committee will review and provide written advice to the Australian Statistician on the appropriateness of ABS' system of internal control by reviewing the following items and advising of any specific areas of concern or suggestions for improvement:
 - a. **internal control framework:**
 - i) whether relevant policies and procedures are in place, including Australian Statistician Instructions, delegations, and bullying or harassment policies;
 - ii) whether there are appropriate processes to assess compliance with key policies and procedures;
 - b. **legislative compliance:** the systems for monitoring ABS' compliance with laws, regulations and relevant government policies;
 - c. **business continuity arrangements:** whether business continuity and disaster recovery plans are in place and have been periodically updated and tested;
 - d. **security compliance:** the approach to maintaining an effective security system through the Protective Security Policy Framework and ICT security policy;
 - e. **internal audit arrangements** including:
 - i) internal audit program: ensuring coverage addresses key risks and recommending approval of the program by the Australian Statistician;
 - ii) internal audit reports: reviewing and providing advice to the Australian Statistician on any major concerns identified;
 - iii) internal audit recommendations: monitoring the implementation of agreed actions;
 - iv) internal audit charter: reviewing to see that it includes appropriate authority, access and reporting arrangements;
 - v) internal audit service providers: periodically meeting privately with the internal auditors to gain any further insights.
 - f. **ethical and lawful conduct:** the steps taken to embed a culture that promotes the proper use and management of public resources and the commitment to ethical and lawful conduct;
 - g. **parliamentary committee reports and external reviews:**
 - i) the mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of ABS, and
 - ii) reviewing the implementation of any resultant recommendations.

Membership

7. The Audit Committee will comprise a minimum of three members appointed by the Australian Statistician with a majority being external members. One of the external members will be appointed as the Chair by the Australian Statistician.
8. Consistent with subsection 17(5) of the PGPA Rule, the Australian Statistician, the Chief Financial Officer, the Chief Risk Officer, the Chief Information Officer and the General Manager Audit and Risk may not be members of the Audit Committee.

9. From 1 July 2021, no ABS official may be members of the Audit Committee.
10. Members of the Audit Committee are expected to understand and observe the legal requirements of the PGPA Act 2013 and are also expected to:
 - a. act in the best interests of the ABS;
 - b. apply good analytical skills, objectivity and good judgement;
 - c. express opinions constructively and raise issues that relate to the Audit Committee's responsibilities and pursue independent lines of enquiry; and
 - d. contribute the time required to meet their responsibilities.
11. Audit Committee members will be appointed for an initial period determined by the Australian Statistician. Members may be re-appointed after a review of their performance for further periods as specified by the Australian Statistician.

Advisors

12. A Chief Audit Executive will be appointed by the Australian Statistician and attend meetings as their delegate. The Chief Operating Officer will attend meetings as a permanent senior advisor to the Audit Committee. The Chief Finance Officer and Chief Risk Officer may attend relevant meetings at the invitation of the Chair.
13. Representatives from the ANAO and ABS' internal audit service provider will not be members of the Audit Committee. They may attend relevant committee meetings (in whole or in part) at the invitation of the Chair.

Independence

14. The Audit Committee is directly accountable to the Australian Statistician for the performance of its functions. The Audit Committee has no managerial responsibilities. It does not make decisions in relation to ABS' processes and functions. The Audit Committee's role is to provide independent advice to the Australian Statistician.

Conflicts of Interest

15. Once a year, and when otherwise required, Audit Committee members will provide written declarations of any potential or actual conflicts of interest they may have in relation to their responsibilities as members. External members should consider past employment, consultancy arrangements and related party issues when making these declarations and the Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict of interest.
16. At the beginning of each Committee meeting members will declare any real or perceived conflicts of interest. The remaining members will decide whether the member should be excused from the meeting or from the Audit Committee's consideration of the relevant agenda item(s). Any interests declared by the members will be recorded in the minutes.

Authority

17. The Australian Statistician authorises the Audit Committee, in performing its functions, to:
 - a. seek any information it requires from any ABS official or associated external party;
 - b. request legal or other professional advice, subject to approval by the appropriate delegate; and
 - c. require the attendance of any ABS official at meetings, as appropriate.

Administrative Arrangements

Meetings

18. The Audit Committee will meet at least five times per year. Special meetings may be held to review ABS' annual financial statements and performance statements or to meet other specific responsibilities of the Audit Committee.
19. The Chair will call a meeting if requested to do so by the Australian Statistician, and may call a meeting if requested by another Audit Committee member.
20. Three members will constitute a quorum for all Audit Committee meetings.

Secretariat

21. ABS will provide secretariat services to the Audit Committee. The Secretariat will ensure the Chair approves the agenda for each meeting; the agenda and supporting papers are circulated at least five business days before each meeting; and the minutes of each meeting are prepared in a timely way. Minutes must be reviewed by the Chair and circulated to each member prior to being included in the papers for the next meeting.

Reporting

22. The Chair will report regularly to the Australian Statistician. Any matter deemed of sufficient importance will be reported to the Australian Statistician as soon as practicable.
23. The Audit Committee will, as often as necessary, and at least once a year, formally and in writing, report to the Australian Statistician on its operation and activities against the responsibilities outlined in this Charter.

Annual Work Plan

24. The Audit Committee will develop an annual work plan detailing actions to be taken in order to perform the functions outlined in this Charter and provide a copy to the Australian Statistician.

Review of Audit Committee Performance

25. The Chair of the Audit Committee will initiate a review of the performance of the Audit Committee at least once every two years. The outcomes of this assessment will be reported to the Australian Statistician.
26. The Audit Committee will review the appropriateness of this Charter at least annually, and recommend any substantive changes for consideration by the Australian Statistician.

Approved



Dr David Gruen
Australian Statistician

11 September 2020