



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

Policies, Plans and Procedures

Audit & Risk Committee Charter

February 2024

All IGTO employees, secondees and contractors are required to review and comply with the IGTO Policies, Plans and Procedures

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Where to find the IGTO policies, plans and procedures

Where to find the IGTO policies, plans and procedures

All Policies, Plans and Procedures and Related Registers can be located:

Hard Copy: in the office of the Inspector General of Taxation and Taxation Ombudsman; with the Executive Assistant to the Inspector General of Taxation and Taxation Ombudsman, in the office of the Deputy Inspector General of Taxation and Taxation Ombudsman, with the Risk Manager and in the Library.

Electronic Copy: On the IGTO Home Page

Policy information summary

DESCRIPTION	DETAILS
Commencement Date	1 April 2021
Approved By	IGTO Accountable Authority
Version Number	V2024.01
Previous Versions	April 2021 version
Last Reviewed	12 February 2024
Next Review	March 2027
Accountable Officer	IGTO Accountable Authority
Relevant Legislation	Public Governance, Performance and Accountability Act 2013, Public Governance, Performance and Accountability Rule 2014
Related Policies	Audit and Risk Committee Member Appointment and Remuneration Policy, Accountable Authority Instructions, Risk Management Policy and Framework, Fraud and Corruption Control Plan
Related Procedures	
Key Terms	Link to a Glossary of Terms



Karen Payne
Inspector-General of Taxation and Taxation Ombudsman
14 February 2024

Functions of the Committee

Legislative functions of the committee

The *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* requires that the Inspector-General of Taxation, as accountable authority, has a committee¹ and that committee is constituted and performs functions in accordance with any requirements prescribed by the associated rules².

Under the *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)*, the accountable authority must determine the functions of the Inspector-General and Taxation Ombudsman agency's (IGTO) committee by written Charter (**Charter**)³ ().

These functions must include reviewing the appropriateness of the accountable authority's:

- financial reporting;
- performance reporting;
- system of risk oversight and management; and
- system of internal control (subsection 17(2)).

These functions are discussed later in the document.

Additional functions of the committee

In addition to the legislative functions, the committee are to review the appropriateness of the accountable authority's:

- business continuity;
- ethical and lawful conduct;
- mechanisms to ensure implementation of Parliamentary committee reports, external reviews and evaluations; and
- external auditor and independent audit process.

These functions are discussed in further detail in Appendix One.

¹ Refer subsection 45(1) of the PGPA Act

² Refer subsection 45(2) of the PGPA Act

³ subsection 17(1) of the PGPA Rule

Functions of the Committee

Role of the committee

The committee is not responsible for the executive management of the above functions. The committee will engage with IGTO management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the accountable authority.

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

- act in the best interests of the IGTO as a whole;
- apply good analytical skills, objectivity and good judgment;
- express opinions constructively and openly, raise issues that relate to the committee's responsibilities and pursue independent lines of enquiry; 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 accountable authority.

Authority

The accountable authority 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) on any matter associated with the business of the IGTO;
- access any relevant information and records of the IGTO;
- review specific matters, at its discretion, according to such criteria as it determines from time to time providing it is relevant to the committee's role;
- 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 accountable authority, at committee meetings; and
- obtain legal or other professional advice, as considered necessary to fulfil its role, at the IGTO's expense, subject to approval by the accountable authority or delegate.

Functions of the Committee

Membership

The committee will be comprised of three to four external members, appointed by the accountable authority.

In appointing members to the committee, the accountable authority will consider the appropriateness of members' qualifications, knowledge, skills or experience to assist the accountable authority to perform its functions. A relevant Skills Matrix for the committee is attached as Appendix Four. At least one member of the committee will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.

Members will be appointed for an initial period not exceeding three years, after which members will be eligible for extension or re-appointment for a further term of 3 years after considering their performance⁴. Members will be appointed with staggered starting dates to ensure there can be a rotation of members over time, with appropriate retention of agency experience.

The accountable authority will seek to ensure the number of committee members is fully maintained. The accountable authority will appoint the Chair and Deputy Chair of the committee from those external members. Neither the accountable authority nor any other IGTO staff are to be members of the committee.

The Deputy Chair is authorised to act as chair in any circumstances where the Chair is unavailable or absent.

Additional parties may attend meetings as advisers or observers, as determined by the Chair, but will not be members of the committee. Such parties may include:

- the accountable authority;
- IGTO representatives such as the Chief Finance Officer (CFO), committee secretariat and other management representatives; and
- service provider representatives such as the Treasury Chief Financial Officer, Financial Management and Budgets Unit representatives and other management representatives.

A representative(s) of the ANAO will be invited to attend all ARC meetings at their discretion. A representative(s) of the ANAO will attend (whether virtually or in person) the financial statement sign-off meetings of the committee.

⁴ As a guide, it would be expected that members would serve a maximum of 3 x 3 year terms and that the Chair position should rotate after a period of 5 years.

Conduct of the audit committee

Engagement with the ANAO

In undertaking its role, the committee will maintain effective working relationships with IGTO management and the IGTO's external auditor (ANAO). In engaging with the ANAO in relation to its financial statement and performance audit coverage, the committee will:

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

Reporting

The committee will, as often as necessary, and at least once per year, report to the accountable authority on its operation and activities during the year and confirm to the accountable authority that all functions outlined in this Charter have been satisfactorily addressed.

The committee may, at any time, report to the accountable authority any other matter it deems of sufficient importance to do so. In addition, an individual committee member may at any time request a meeting with the accountable authority.

Administrative arrangements

Meetings and Annual Work Plan

The committee will meet at least four times formally per year. An informal meeting may also be arranged to provide further opportunity for discussions.

The Chair is required to call a meeting if asked to do so by the accountable authority, and decide if a meeting is required if requested by another committee member or the ANAO.

The date for the first quarter planning meeting is arranged through communication with the committee secretariat. In preparation for this meeting the committee will prepare a draft work plan that outlines the activities to be undertaken to achieve the committee's functions. The plan should be largely consistent with that contained in Appendix Two.

The date for the financial statement sign-off meeting is determined during the first quarter planning meeting.

Administrative arrangements

The date for the final quarter planning meeting is arranged through communication with the committee secretariat.

Agenda items are arranged through communication with the committee secretariat.

Quorum

A quorum will consist of a majority of committee members. The quorum must be in place at all times during the meeting. Attendance may occur by way of telephone, Microsoft Teams or other virtual conference facilities with the consent of the Chair.

In exceptional circumstances the accountable authority may consent to a quorum of two committee members.

Secretariat

The accountable authority, 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;
- the agenda and supporting papers are circulated at least 5 business days before the meeting; and
- the minutes of the meetings are prepared and maintained.

Minutes must be reviewed by the Chair and circulated within 5 business days after the meeting to each committee member as well as advisers and observers attending the meeting, as appropriate. The committee may make comment on the minutes and ratify these as final (as appropriate) via email to the secretariat. A copy of the final minutes as ratified will be provided by the secretariat to the committee with the agenda for the next meeting for reference.

Induction

The Chair and Chief Operating Officer will provide an induction to help new committee members meet their commitments.

Remuneration

The Committee will be remunerated on an appropriate basis that is determined by the IGTG.

Conflicts of interest

Once each year, members of the committee will provide written declarations, through the Chair, to the accountable authority declaring any material personal interests they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations and the accountable authority, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict. The written declarations may be provided using the form contained in Appendix Three.

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. Where 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 accountable authority where appropriate, if he/she should excuse themselves from the meeting or from the committee's consideration of the relevant agenda item(s). Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

Reviewing the Charter

The committee will be familiar with this Charter and undertake the roles and responsibilities specified herein. The committee will review this Charter at least once every two to three years and otherwise as appropriate. This review will include consultation with the IGTO and make recommendations to the accountable authority about changes to this Charter to better enable the committee to fulfil its overall purposes. Any substantive changes to this Charter will be formally approved by the accountable authority.

Reviewing and assessing committee performance

The Chair of the committee, in consultation with the accountable authority, will undertake 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 accountable authority) with appropriate input sought from the accountable authority, committee members, senior management, the ANAO, and any other relevant stakeholders, as determined by the accountable authority.

Appendix One – Functions of the Committee (Further Detail)

Functions – Legislative Functions

The legislative functions of the Committee are as follows:

Financial reporting

The PGPA Rule requires that the committee review the appropriateness of the accountable authority's financial reporting for the IGTO. This would entail the committee reviewing compliance with the mandatory requirements of the PGPA Act, the PGPA Rule, the Accounting Standards and also consider advice given in supporting guidance.

In fulfilling this function, the committee may:

1.1 review and provide advice on the appropriateness of the accountable authority's:

- a) annual financial statements;
 - b) 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;
 - c) processes and systems for preparing financial reporting information and additional information required by the Department of Finance to prepare the Australian Government consolidated financial statements;
 - d) financial record keeping; and
 - e) processes in place to allow the IGTO to stay informed throughout the year of any changes or additional requirements in relation to financial reporting.
- meet with IGTO management and the ANAO and external auditor to review financial statements, key accounting policies and the results of the audit.

Appendix One – Functions of the Committee (Further Detail)

The committee shall provide an annual statement to the accountable authority as to:

- whether the annual financial statements, in the committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance;
- whether additional IGTO information (other than financial statements) required by the Department of Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance; and
- the appropriateness of the IGTO's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance Reporting

The PGPA Rule requires that the committee review the appropriateness of the accountable authority's performance reporting for the IGTO. This would entail the committee reviewing the mandatory requirements of the PGPA Act, the PGPA Rule, and also the Commonwealth performance framework and consider advice given in supporting guidance. The review would include information provided in the Corporate Plan, the Portfolio Budget Statements and the Annual Performance Statements.

In fulfilling this function, the committee may:

- review and provide advice on the appropriateness of the accountable authority's systems and procedures for assessing, monitoring and reporting on achievement of the IGTO's performance. In particular, the committee could satisfy itself that:
 - a) the IGTO's Portfolio Budget Statements and Corporate Plan contain appropriate details of how the IGTO's performance will be measured and assessed;
 - b) the IGTO'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 in accordance with the Commonwealth Performance Framework. This may include reviewing, over time, particular elements of the performance measures; and
 - c) the IGTO has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its Annual Report.

Appendix One – Functions of the Committee (Further Detail)

The committee shall provide a statement to the accountable authority whether, in their view, the accountable authority's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

Note: the requirement for entities to prepare performance statements in accordance with section 39 of the PGPA Act applies from 2015–16.

Risk Oversight and Management

The PGPA Rule requires that the committee review the appropriateness of the accountable authority's system of risk oversight and management for the IGTO. This would entail the committee gaining a sufficient understanding of the accountable authority's risk appetite and the IGTO's operating environment, and reviewing the mandatory requirements of the PGPA Act, the PGPA Rule, the Commonwealth Risk Management Policy and also consider advice in supporting guidance.

In fulfilling this function, the committee may:

- review and provide advice on the appropriateness of the accountable authority's:
 - a) enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the IGTO's risks, in keeping with the Commonwealth Risk Management Policy;
 - b) approach to managing the IGTO's key risks—including those associated with individual projects and program implementation and activities;
 - c) process for developing and implementing the IGTO's fraud control arrangements consistent with the fraud control framework, and satisfy itself that the IGTO has adequate processes for detecting, capturing and effectively responding to fraud risks; and
 - d) articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the IGTO.

The committee shall provide a statement to the accountable authority whether in their view, the accountable authority's system of risk oversight and management as a whole is appropriate with reference to the Commonwealth Risk Management Policy and any specific areas of concern or suggestions for improvement.

Appendix One – Functions of the Committee (Further Detail)

Internal Control

The PGPA Rule requires that the committee review the appropriateness of the accountable authority's system of internal control for the IGTO. This would entail the committee gaining a sufficient understanding of the IGTO's operating context, governance requirements, and reviewing the mandatory requirements of the PGPA Act, the PGPA Rule and also consider advice in supporting guidance.

In fulfilling this function, the committee may review and provide advice on the appropriateness of the accountable authority's:

- internal control framework:
 - a) reviewing management's approach to maintaining an effective internal control framework and whether appropriate processes are in place for assessing whether key policies and procedures are complied with; and
 - b) reviewing whether management has in operation relevant policies and procedures—such as accountable authority instructions, delegations, a business continuity management plan, or bullying and harassment policies.
- legislative and policy compliance:
 - a) reviewing the effectiveness of systems for monitoring the IGTO's compliance with laws, regulations and associated government policies with which the IGTO must comply; and
 - b) determining whether management has adequately considered legal and compliance risks as part of the IGTO's enterprise risk management framework, fraud control framework and planning.
- security compliance:
 - a) reviewing management's approach to maintaining an effective internal security system—including complying with the Protective Security Policy Framework—and ICT security policy.

Appendix One – Functions of the Committee (Further Detail)

- Internal audit coverage:
 - a) Ensuring the internal audit and auditor complies with the International Professional Practices Framework and professional internal auditing standards;
 - b) reviewing the proposed internal audit coverage, ensuring that the coverage takes into account the IGTO's primary risks, and recommending approval of the internal audit work plan by the accountable authority or the nominated delegate; and
 - c) reviewing all internal audit reports, providing advice to the accountable authority on major concerns identified in those reports, and recommending action on significant matters raised—including identification and dissemination of information on good practice.

The committee shall provide a statement to the accountable authority whether the accountable authority's system of internal control is appropriate for the IGTO, with reference to any specific areas of concern or suggestions for improvement.

Additional functions – non legislative functions

The committee has additional functions (i.e. the non-legislative functions) whereby the committee may review and provide advice on the appropriateness of the accountable authority's:

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

Appendix One – Functions of the Committee (Further Detail)

- external auditor:
 - a) review the professional qualifications of the external auditor and the experience of audit personnel;
 - b) review the external auditor's proposed audit scope and approach in the light of the organisation's circumstances and any regulatory changes;
 - c) consider the independence of the external auditor and any potential conflicts of interest;
 - d) review annually the performance of the external auditor;
 - e) discuss with the external auditor any audit problems encountered during the audit;
 - f) meet at least annually with the external auditors and review the annual management letter of the external auditor; and
 - g) review policies for the provision of non-audit services by the external auditor (for example if the ANAO were to outsource audit aspects).

Appendix Two – Annual Work Plan

Meeting Date	Focus Area	Management Deliverables	ARC Deliverables
March	System of risk oversight and risk management	Management's application of PSPF Insurance Cover Internal Audit Reports, as appropriate Performance against Corporate Plan Risk Management Policy and Plan Key Risks from Risk Register Fraud Plan Reporting and performance against the BCP	Statement on appropriateness of risk oversight and risk management Annual review of Audit and Risk Committee Charter Conflict of interest written declarations
May	Performance Report	Portfolio Budget Statements for next financial year (approved early May) noting funds available for internal audits to assist the committee Half yearly update on budget vs actual as at 31 December and as at 30 April Overview of key performance measures and trends for current year from the Corporate Plan Deep dive on 1-2 performance measures in the Corporate Plan Internal Audit Reports, as appropriate	Conflict of interest declarations Statement on appropriateness of performance reporting Identify and recommend areas for inclusion on the internal audit work plan for the next financial year Review the Panel firms and select firms for the various approved internal audits
September	Financial Reporting	Financial Statement Annual Statement External Audit Report ANAO Independent Auditor's Report and Management Representation Letter	Conflict of interest declarations Statement on: <ul style="list-style-type: none"> ▪ Financial Statement compliance ▪ Additional entity information compliance ▪ Annual performance statement compliance ▪ Appropriateness of financial reporting

Appendix Two – Annual Work Plan

Meeting Date	Focus Area	Management Deliverables	ARC Deliverables
November	Governance through Policies and Procedures and system of internal control	<p>Internal control framework</p> <p>Review and mark up changes to any policies that the committee have oversight of, including:</p> <ul style="list-style-type: none"> ▪ Audit and Risk Committee Charter ▪ Audit and Risk Committee Membership and Remuneration ▪ Accountable Authority Instructions ▪ Conflict of Interest ▪ Business Continuity Plan ▪ Fraud and Corruption Control Plan ▪ Risk Management Policy and Framework ▪ Security Plan ▪ Risk Register Review ▪ Risk Register Review Procedures ▪ Conflict of Interest Register ▪ Declared Interests Register ▪ Public Interest Disclosure ▪ Work Health and Safety ▪ Freedom of Information Policy ▪ Privacy Policy <p>Provide a report on the training and learning and development activities conducted throughout the year on IGTO policies and procedures</p> <p>Internal audit reports, as appropriate</p>	<p>Conflict of interest declarations</p> <p>Statement on appropriateness of internal control</p> <p>Review and comment on IGTO policies and training and performance against same</p>

Appendix Three – Committee declaration of interests form

AUDIT AND RISK COMMITTEE DECLARATION OF INTERESTS			
<p>In accordance the with the Inspector-General and Taxation Ombudsman Audit and Risk Committee Charter, members of the committee must declare any material personal interests they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations.</p>			
COMMITTEE MEMBER ACKNOWLEDGEMENT OF RESPONSIBILITIES AND LIST OF DECLARATIONS			
<p>I declare that I am aware of my responsibilities under the Audit and Risk Committee Charter and the below list of my material personal interests has been prepared on the basis of this understanding.</p> <p>I undertake to inform the accountable authority of any changes to my circumstances that could affect the contents of this declaration.</p>			
<p>[Please list any material personal interests which could influence, or could reasonably be seen to influence, the decisions you take or the advice you give.]</p>			
Signature		Date	
Surname		First names	

Appendix Four – ARC Skills Matrix

Appendix Four – ARC Skills Matrix

Ratings:

- Expert – substantial career experience in senior executive, director or professional roles with tertiary qualifications
- Experienced – considerable experience and/or relevant tertiary qualifications
- General Awareness – awareness of some fundamentals but otherwise limited experience and/or related tertiary qualifications
- No relevant awareness, experience, or qualifications

Relevant Skill	Committee Member #1	Committee Member #2	Committee Member #3	Committee Member #4	Identified Gaps (Yes/No)
Finance and Accounting					
Governance					
Executive Education					
Public Sector, including reporting					
Risk Management					
Business Experience					
Taxation or Other Administration					