



New South Wales
Crime Commission

Audit and Risk Committee Charter

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The Commissioner has established the Audit and Risk Committee (the Committee) in compliance with the *Internal Audit and Risk Management Policy for the General Government Sector*.

This charter sets out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

1. Objective

1.1 The objective of the Committee is to provide independent assistance to the Commissioner by monitoring, reviewing and providing advice about the New South Wales Crime Commission's governance processes, risk management and control frameworks, and its external accountability obligations.

2. Authority

2.1 The Commissioner authorises the Committee, within the scope of its role and responsibilities, to:

- obtain any information it needs from any employee and /or external party (subject to their legal obligation to protect information)
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- request the attendance of any employee, including the Commissioner, at committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities. The payment of costs for that advice by the agency is subject to the prior approval of the Commissioner.

3. Composition and Tenure

3.1 The Committee will consist of at least three (3) members, and no more than five (5) members, appointed by the Commissioner

3.2 The Commissioner will appoint the chair and members of the Committee. The chair is counted as one member of the Committee

- 3.3 Members will be appointed for an initial period no less than three (3) years and not exceeding five (5) years, after which they will be eligible for extension or re-appointment for a further term(s) subject to a formal review of their performance (noting that the total term on the Committee will not exceed eight (8) years)
- 3.4 The chair must be appointed for one (1) term only for a period of at least three (3) years, with a maximum period of five (5) years. The term of appointment for the chair can be extended but any extension must not cause the total term to exceed five (5) years as a chair of the Audit and Risk Committee. Current employees of all NSW government sector agencies other than state owner corporations cannot serve as members or chairs of an Audit and Risk Committee
- 3.5 The members should collectively develop, possess and maintain a broad range of skills and experience relevant to the operations, governance and financial management of the New South Wales Crime Commission, the environment in which the New South Wales Crime Commission operates and the contribution that the Committee makes to the New South Wales Crime Commission. At least one member of the Committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

4. Roles and Responsibilities

- 4.1 The Committee has no executive powers.
- 4.2 The Committee is directly responsible and accountable to the Commissioner for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the New South Wales Crime Commission rests with the Commissioner
- 4.3 The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Commissioner from time to time.

The Committee's responsibilities are to:

5. Risk Management

- 5.1 review whether management has in place a current and appropriate risk management framework that is consistent with AS ISO 31000:2018
- 5.2 assess and advise on the maturity of the agency's risk management framework and risk culture

- 5.3 Consider the adequacy and effectiveness of the internal control and risk management frameworks by reviewing reports from management, internal audit and external audit, and by monitoring management responses and actions to correct any noted deficiencies
- 5.4 review the impact of the Commission's risk management on its control environment and insurance arrangements
- 5.5 review the Commission's fraud and corruption control framework including the fraud control plan and be satisfied that the agency has appropriate processes and systems in place to capture and effectively investigate fraud related information
- 5.6 seek assurance from management that emerging risks (including, but not limited to, climate risk and cyber risk) are being identified and addressed
- 5.7 seek assurance from management and Internal Audit that risk management processes are operating effectively, including that relevant internal control policies and procedures are in place and that these are periodically reviewed and updated
- 5.8 review whether a sound and effective approach has been followed in developing risk management plans for major projects, programs or undertakings
- 5.9 review whether a sound and effective approach has been followed in establishing the agency's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

6. External Accountability

- 6.1 assess the policies and procedures for management review and consideration of the financial position and performance of the NSW Crime Commission including the frequency and nature of that review (including the approach taken to addressing variances and budget risks)
- 6.2 review the procedures around early close and year-end
- 6.3 review the financial statements and provide advice to the Commissioner (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Commissioner
- 6.4 satisfy itself that the financial statements are supported by appropriate management sign off on the statements

- 6.5 review the Chief Financial Officer Letter of Certification and supporting documentation (consistent with NSW Treasury Policy and Guidelines Paper Certifying the Effectiveness of Internal Controls over Financial Information (TPP17-06))
- 6.6 review cash management policies and procedures
- 6.7 review policies and procedures for collection, management and disbursement of grants and tied funding
- 6.8 review the processes in place designed to ensure that financial information included in the New South Wales Crime Commission's annual report is consistent with the signed financial statements
- 6.9 satisfy itself that the New South Wales Crime Commission appropriately measures and reports on its performance against objectives and State Outcomes.

7. Compliance and Ethics

- 7.1 determine whether management has appropriately considered legal and compliance risks as part of the New South Wales Crime Commission's risk assessment and management arrangements
- 7.2 review the effectiveness of the system for monitoring the New South Wales Crime Commission's compliance with applicable laws and regulations, and associated government policies
- 7.3 seek assurance that the appropriate exercise of delegations is monitored and reviewed
- 7.4 seek assurance that changes in key laws, regulations, internal policies and Accounting Standards affecting the agency's operations are being monitored at least once a year, and appropriately addressed
- 7.5 review the agency's process for communicating the code of conduct to staff and seek assurance as to compliance with the code
- 7.6 review policies and processes for identifying, analysing and addressing complaints
- 7.7 review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

8. Internal Audit

- 8.1 review and provide advice to the Commissioner on the internal audit policies and procedures
- 8.2 review the risk-based audit methodology
- 8.3 review the internal audit coverage and annual work plan, ensure the plan is based on the NSW Crime Commission's risk management plan, and recommend approval of the plan by the Commissioner
- 8.4 advise the Commissioner on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan
- 8.5 review audit findings and related recommendations, particularly those that have been assessed as a high risk if audit finding recommendations are not implemented
- 8.6 provide advice to the Commissioner on significant issues identified in audit reports and action taken on these issues, including identification and dissemination of good practice
- 8.7 monitor management's implementation of internal audit recommendations
- 8.8 review and endorse the internal audit charter including ensuring appropriate organisational structures, authority, access to senior management and reporting arrangements are in place
- 8.9 provide advice to the Commissioner on the results of any external assessments of the Internal Audit function
- 8.10 provide advice to the Commissioner on the appointment or replacement of the Chief Audit Executive and recommend to the Commissioner the appointment or replacement of external internal audit service providers in the case of an outsourced or co-sourced internal audit function
- 8.11 assess the overall effectiveness and evaluate the performance of the Chief Audit Executive and the Internal Audit function
- 8.12 Committee Chair to contribute to the Chief Audit Executive's regular performance review.

9. External Audit

- 9.1 act as a forum for communication between the NSW Crime Commission, senior management and internal and external audit
- 9.2 provide feedback on the financial audit coverage proposed by external audit and be informed of any planned performance audit scope prior to their commencement
- 9.3 review all external plans and reports (including management letters) in respect of planned or completed audits and monitor management's implementation of audit recommendations.

10. Responsibilities of Members

Members of the Committee are expected to understand and observe the requirements of the Internal Audit and Risk Management Policy. Members are also expected to:

- 10.1 make themselves available as required to attend and participate in meetings
- 10.2 contribute the time needed to study and understand the papers provided
- 10.3 apply good analytical skills, objectivity and good judgement
- 10.4 abide by the relevant ethical codes that apply to employment within the General Government Sector
- 10.5 express opinions frankly, ask questions that go the fundamental core of the issue, and pursue independent lines of enquiry.

11. Reporting

The Committee will regularly, but at least once a year, report to the Commissioner on its operation and activities during the year. The report should include:

- 11.1 an overall assessment of the New South Wales Crime Commission's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the New South Wales Crime Commission
- 11.2 a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year

11.3 details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended

11.4a summary of the New South Wales Crime Commission's progress in addressing the findings and recommendations made in internal and external reports

11.5a summary of the Committee's assessment of the performance of internal audit

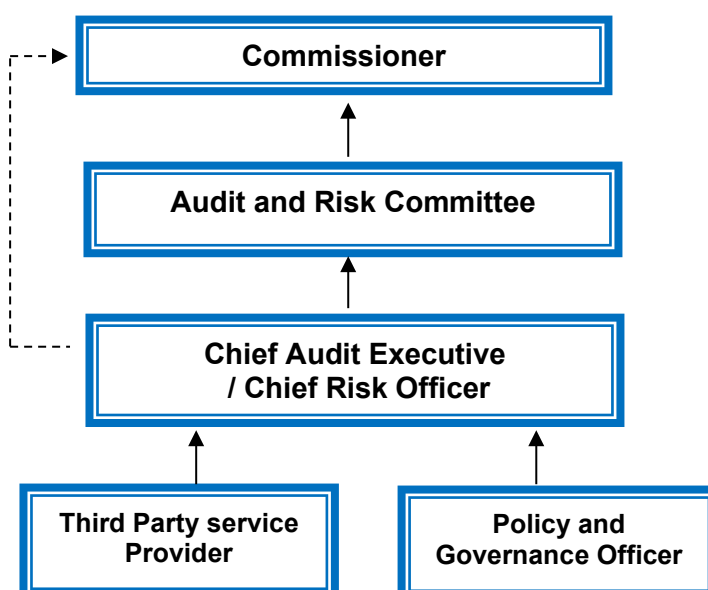
11.6 The Committee may, at any time, report to the Commissioner any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Commissioner

11.7 The final minutes of each ARC meeting will be made available to the subsequent Management Committee meeting and if requested, the Chair of the ARC will attend the relevant Management Committee meeting to explain the contents of the minutes and to answer any questions that members may have.

12. Reporting Lines

12.1 The Committee must at all times ensure it maintains a direct reporting line to and from internal audit and act as a mechanism for internal audit to report to the Commissioner on functional matters

12.2 The following reporting line is prescribed where the dotted line represents the 'administrative' reporting line and the solid line represents the 'functional' reporting line:



13. Administrative arrangements

Meetings

- 13.1 The Committee will meet at least four (4) times per year. A special meeting may be held to review the New South Wales Crime Commission's annual financial statements
- 13.2 The Chair is required to call a meeting if requested to do so by the Commissioner, or another Committee member
- 13.3 A meeting plan, including meeting dates and agenda items, will be agreed by the Committee and the Commission at the beginning of each financial year. The meeting plan will cover all of the Committee's responsibilities as detailed in this charter.

14. Attendance at meetings and quorums

- 14.1 A quorum will consist of a majority of Committee members. A quorum must include at least two (2) independent members
- 14.2 Meetings can be held in person, by telephone or by video conference
- 14.3 The Commissioner may attend the meetings of the Audit and Risk Committee. Committee members, if necessary, are able to have in-camera discussions. The Chief Audit Executive, Chief Risk Officer, external audit representatives and any other agency representatives may attend Committee meetings, except where the Committee members wish to have in-camera discussions. The Committee may also request the Chief Finance Officer or other employees attend committee meetings or participate for certain agenda items
- 14.4 The Committee will meet separately with both the internal and external auditors at least once a year.

15. Dispute Resolution

- 15.1 Members of the Committee and the New South Wales Crime Commission's management should maintain an effective working relationship, and seek to resolve differences by way of open negotiation. However, in the event of a disagreement between the Committee and management, including the Commissioner, the Chair may, as a last resort, refer the matter to Treasury to be dealt with independently

16. Secretariat

16.1 The Commissioner will appoint a person to provide secretariat support to the Committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one (1) week before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within fourteen (14) days of the meeting to each member and committee observers, as appropriate.

17. Conflicts of interest

17.1 Once a year the Committee members will provide written declarations to the Commissioner stating they do not have any conflicts of interest that would preclude them from being members of the Committee

17.2 Committee members 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

17.3 Where members or observers at committee meetings are deemed to have a real, or perceived, conflict of interest, the Chair (or a quorum of the Committee if the conflict of interest arises from the Chair) may excuse them from Committee deliberations on the issue where a conflict of interest exists.

18. Induction

18.1 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

19. Assessment arrangements

19.1 The Commissioner, in consultation with the Chair of the Committee, will establish a mechanism to review and report on the performance of the Committee, including the performance of the Chair and each member, at least annually. The review will be conducted on a self-assessment basis (unless otherwise determined by the Commissioner), with appropriate input sought from the Commissioner, the internal and external auditors, the Chief Risk Officer, management and any other relevant stakeholders, as determined by the Commissioner.

20. Review of Charter

20.1 At least once a year the Committee will review this charter. This review will include consultation with the Commissioner.

20.2 Any substantive changes to this Charter will be recommended by the Committee and formally approved by the Commissioner.

**Reviewed by Joan Wilcox, Chair of Audit and Risk Committee
(Sign and date)**



21 February 2022

**Reviewed by Michael Barnes, NSW Crime Commissioner
(Sign and date)**



22 February 2022
