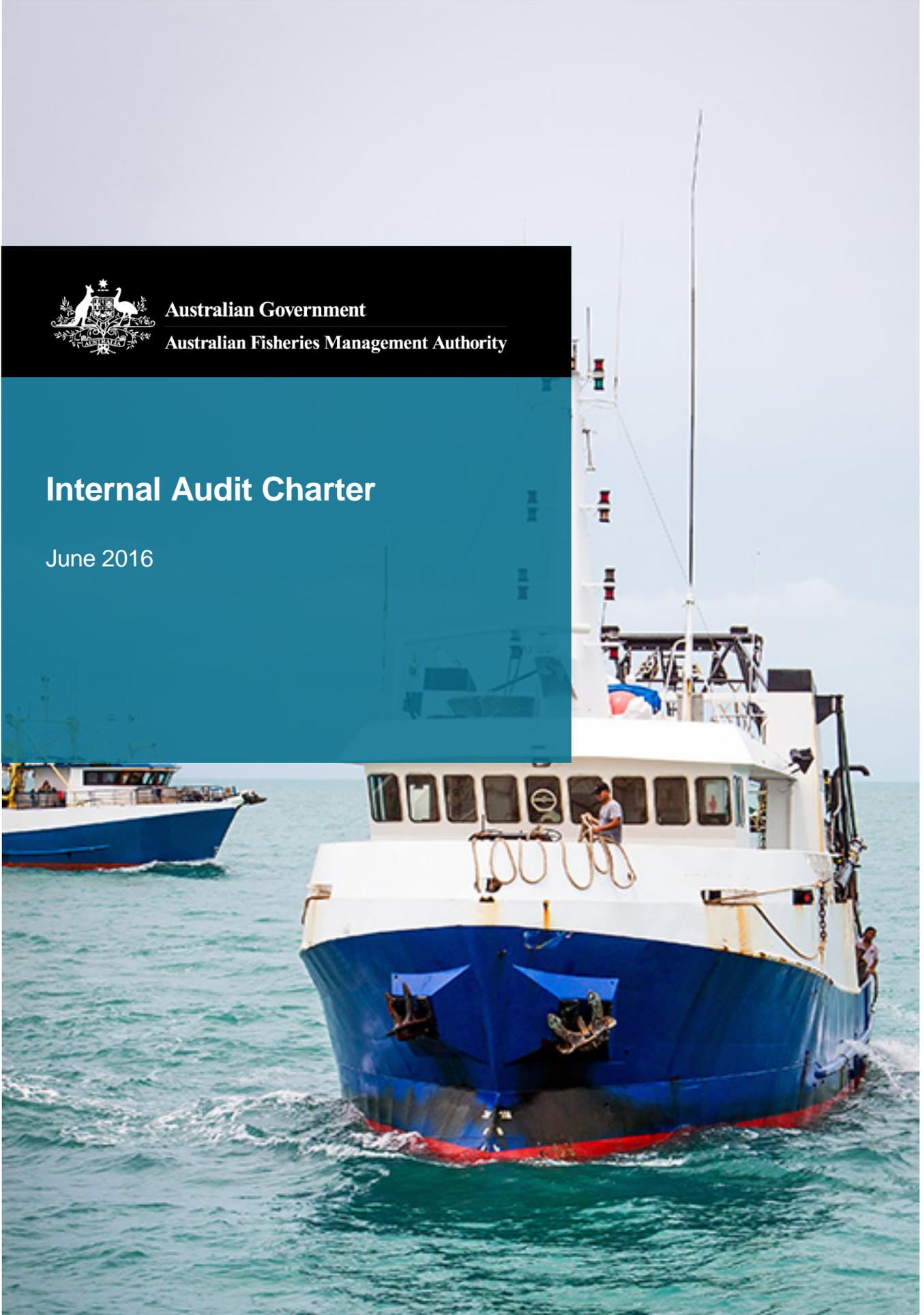




Australian Government
Australian Fisheries Management Authority

Internal Audit Charter

June 2016



Approval

This Internal Audit Charter has been considered and approved by

ACCOUNTABLE AUTHORITY	DR JAMES FINDLAY CHIEF EXECUTIVE OFFICER
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Revision history

Date	Change Type	Author	Version
1 June 2016			1.0

1 Introduction

This charter provides the framework for the conduct of the internal audit function in AFMA and has been approved by the *Chief Executive Officer* on the advice of AFMA's Audit and Risk Committee.

The General Manager Corporate Services is responsible for the management of the internal audit function within AFMA. AFMA's internal audit services will be provided by an external service provider hereby referred to as the Internal Auditor.

2 Purpose of internal audit

The internal audit function provides an independent and objective assurance and advisory service to:

the *Chief Executive Officer* that AFMA's financial and operational controls are operating in an efficient, effective, economical and ethical manner; and

assist management in improving AFMA's business performance.

3 Scope of internal audit activity

Internal audit activity encompasses the review of all financial and non-financial policies and operations. Internal audit reviews may cover any of the programs and activities of AFMA together with associated entities as provided for in relevant business agreements, memoranda of understanding or contracts.

4 Independence

Independence of the Internal Auditor is essential to the effectiveness of the internal audit function.

The Internal Auditor has no direct authority or responsibility for the activities it reviews. The Internal Auditor has no responsibility for developing or implementing procedures or systems and does not perform in-line management functions.

The General Manager Corporate Services is accountable to the *Chief Executive Officer* for the efficient and effective operation of the Internal Auditor.

The General Manager Corporate Services has direct access to the *Chief Executive Officer* and the Chair and other members of the Audit and Risk Committee. Periodic meetings will be held between the General Manager Corporate Services and the Audit and Risk Committee.

5 Authority and confidentiality

All reviews are undertaken under the authority of the Chief Executive Officer.

Subject to compliance with AFMA's security policies, the Internal Auditor is authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documentation and information that the Internal Auditor considers necessary to enable it to meet its contracted responsibilities.

All records, documentation and information accessed by the Internal Auditor in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The Internal Auditor is responsible and accountable for maintaining the confidentiality of the information it receives during the course of its work.

6 Roles and responsibilities

The internal audit function plays an integral role in:

- developing and maintaining a culture of accountability, integrity and adherence to high ethical standards;
- supporting the integration of risk management into AFMA's day-to-day business activities and processes; and
- promoting a culture of cost-consciousness and self-assessment.

The Internal Auditor has a primary responsibility to advise on governance, risk management and control issues and is required to report inadequately addressed risks and non-effective control processes to AFMA management and the Audit and Risk Committee.

Activities to be undertaken by the Internal Auditor could encompass the following areas:

6.1 Assurance activities

Assurance activities to be undertaken by the Internal Auditor could include audits with the following orientation:

6.1.1 Compliance

- compliance with legislative requirements, Australian Government and AFMA policies and procedures, including assurance in respect of the PGPA Compliance Report;
- the adequacy and effectiveness of internal controls, including information technology system controls such as those relating to finance, operations, information technology systems and information security;
- the ethical conduct of AFMA and its employees, contractors and agents;
- the recording, control and use of entity assets; and

6.1.2 Performance improvement

- the economy, efficiency and effectiveness of AFMA's business systems and processes.

6.2 Advisory services

The Internal Auditor can advise AFMA management on a range of matters including:

6.2.1 New programs, systems and processes

- providing advice on the development of new programs and processes and/or significant changes to existing programs and processes, including the design of appropriate controls;

6.2.2 Risk management

- assisting management to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework;
- monitoring and reporting on the implementation of risk mitigation strategies;

6.2.3 Fraud control

- assisting management to identify the risks of fraud and develop fraud prevention and monitoring strategies; and
- advising management on AFMA's Fraud Control Plan.

6.3 Audit support activities

The Internal Auditor can also provide support services through:

- monitoring the implementation of its internal audit recommendations; and
- disseminating better practice and lessons learnt arising from its internal audit activities conducted across government in other similar size entities.

6.4 Standards

Internal Auditor activities will be conducted in accordance with the following professional standards:

- the International Standards for the Professional Practice of Internal Auditing
- In the conduct of internal audit work, Internal Auditor staff will comply with relevant professional standards of conduct and exercise due professional care in performing their duties.

6.5 Relationship with external audit and other assurance activities

The internal audit function will establish and maintain an open relationship with any external auditor. External auditors have full and free access to all internal audit strategies, plans, working papers and reports.

6.6 Planning

The General Manager Corporate Services will prepare, for the Audit and Risk Committee's consideration, an internal audit work plan in a form and in accordance with a timetable agreed with the Audit and Risk Committee.

The General Manager Corporate Services will communicate the impact of resource limitations and any significant changes in the work plan to the Audit and Risk Committee.

6.7 Reporting to the Audit and Risk Committee

The General Manager Corporate Services will report to each meeting of the Audit and Risk Committee on:

- completed internal audits;
- progress in implementing the internal audit work plan; and
- the status of the implementation of agreed internal and external audit, Parliamentary Committee and other relevant external body recommendations.

6.8 Administrative arrangements

Any change to the Internal Auditor will be approved by the Chief Executive Officer. The Audit and Risk Committee chair will be consulted as part of the process.

6.9 Review of the charter

This charter will be reviewed at least annually by the Audit and Risk Committee. Any substantive changes will be formally approved by the *Chief Executive Officer* on the recommendation of the Audit and Risk Committee.