



SI 1.4 Audit

Introduction

The Secretary Instruction (SI), SI 1.4 Audit is issued under section 20A of the PGPA Act.

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Audit Committee Functions

This SI relates to the department’s obligations under section 45 of the PGPA Act to ensure the department has an Audit Committee. Section 17 of the PGPA Rule prescribes the minimum functions and membership of the audit committee. From 1 July 2015 the majority of the members of the audit committee must not be officials of the department.

Functions undertaken by the Audit Committee include:

- helping the department to comply with obligations under the finance law (PGPA Act, the PGPA Rule and the Financial Reporting Rule)

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- providing a forum for communication between the **accountable authority** (the Secretary), senior managers of the department, internal and external auditors.

In broad terms, the Audit Committee reviews, monitors and, where necessary, recommends improvements to the department's:

- financial reporting
- performance reporting
- systems of risk oversight and management, and
- systems of internal control.

Instructions

All officials

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- ***You must cooperate with:***
 - ***the department's audit committee***
 - ***the department's internal audit function***
 - ***the Commonwealth Auditor-General represented by officials of the Australian National Audit Office (ANAO)***
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Operational rules

All officials

You must have regard for:

- understand that the objective of the Audit Committee and Internal Audit is to provide independent strategic assurance to the Secretary and others on the appropriateness of the department's risk, control and compliance framework and its external responsibilities
- attend Audit Committee meetings if requested
- observe the [Internal Audit Charter](#) and [Internal Audit Protocol](#) document
- note the ANAO is typically the department's external auditor.

Secretary

You must:

- establish and maintain an audit committee consistent with section 45 of the PGPA Act and section 17 of the PGPA Rule
- approve the Audit Committee Charter.

Audit Committee

You must:

- follow the roles and responsibilities of the Audit Committee as defined in the [Audit Committee Charter](#)
- be responsible for approving the Internal Audit Work Programme.

Internal Audit

You must:

- observe the [Internal Audit Charter](#) and [Internal Audit Protocol](#) document
- be aware of the practices and procedures in the Internal Audit Manual approved by the Chief Internal Auditor
- undertake internal audits in accordance with the Internal Audit Work Programme or as directed by the Chief Internal Auditor under the oversight of the Audit Committee.

Roles and responsibilities

Audit Committee

The Audit Committee is responsible for providing leadership through independent advice, assurance and support to the Secretary in meeting their obligations.

Internal Audit

Internal Audit 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 the department's Audit Committee.

In addition, Internal Audit is responsible for:

- assisting the Audit Committee to discharge its responsibilities
- disseminating across the entity better practice and lessons learnt arising from its audit activities
- developing and maintaining a culture of accountability and integrity
- the development and completion of the department's Internal Audit Work Programme.

References

Legislation
Public Governance, Performance and Accountability (PGPA) Act 2013 , s45
Public Governance, Performance and Accountability (PGPA) Rule , s17
External Guidance/Instruction
Resource Management Guide No 202, Audit committees
ANAO Better Practice Guide - Public Sector Internal Audit - September 2012
ANAO Better Practice Guide, Public Sector Audit Committees: Independent assurance and advice for Accountable Authorities
Departmental Guidance/Instruction
Audit Committee Charter
Internal Audit Charter and Internal Audit Protocol document

Document control information

Element	Description
Subject Matter Expert(s):	Internal Audit, Governance and Audit Branch
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