Audit and Risk Committee Charter

December 2025

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Document Particulars		
Policy Owner	Assurance Branch	
Content last updated and cleared	Sept/Oct 2025	Document status: Draft
Version	3.0	Review Date: 10 December 2025.
Point of contact	ARC Secretariat	
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Approver	Secretary	
Date of approval	20 March 2026	

Audit and Risk Committee Charter

Introduction

The Secretary, as the Accountable Authority of the Department of Health, Disability and Ageing (the department), established the Audit and Risk Committee (ARC or 'the committee') in accordance with subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act). This Charter outlines the Committee's authority, role, responsibilities, and operating procedures.

Role and responsibilities

The committee's role is to

- provide independent advice to the Secretary and the departmental executive on the appropriateness of the department's financial reporting, performance reporting, system of risk oversight and management, and system of internal control (in compliance with section 17 of the Public Governance, Performance and Accountability Rule 2014 Resource Management Guide 202 - Department of Finance)

Its responsibilities include:

- reviewing and providing advice on the effectiveness of the department's governance, risk management, system of internal control processes, implementation of findings and recommendations arising from internal and external audits
- providing annual written advice on the appropriateness (fitness for purpose) of the department's financial reporting, performance reporting, system of risk oversight and management, and system of internal control
- engaging with management in a constructive and professional manner.

The committee is not responsible for the executive management of these functions.

Authority

In delivering the functions of the committee, the committee is authorised to:

- obtain any information in relation to its role and responsibilities from any employee or external party (subject to any legal obligations - for example those related to protected information)
- discuss any matters with internal and external auditors, or other external parties (subject to confidentiality considerations)
- request the attendance of any official (including the Secretary) at committee meetings
- obtain legal or other professional advice as considered necessary to meet its responsibilities at the department's expense, subject to approval by the Secretary or delegate.

Financial Reporting

The Committee will review and provide advice regarding the appropriateness of the department's:

- annual financial statements and supplementary reporting materials
- systems and processes for preparing financial reporting and information
- systems and processes for monitoring remediation of ANAO financial statement audit findings
- compliance with mandatory requirements of the Act, the PGPA Rule, the Accounting Standards and supporting guidance
- processes for assessing financial reporting fraud risks and the effectiveness of financial reporting fraud controls
- financial reporting arrangements overall

Advice provided by the committee may include reference to any specific areas of concern or suggestions for improvement.

Performance Reporting

The committee will review and provide advice on the appropriateness of the department's:

- performance information in the Portfolio Budget Statements, Corporate Plan and the annual performance statements
- systems and processes for developing, measuring and reporting the achievement of the department's performance
- systems and processes for monitoring remediation of ANAO performance reporting audit findings
- compliance with the mandatory requirements of the Act, the PGPA Rule and the Commonwealth's performance framework and supporting guidance.

Advice provided by the committee may include reference to any specific areas of concern or suggestions for improvement.

System of Risk Oversight and Management

The committee will review and provide advice on the appropriateness of the department's:

- risk management framework and associated internal controls for effective identification and management of the Department's enterprise, program and project risks
- systems and processes for identifying and managing the department's key current (and emerging) enterprise, program and project risks
- systems and processes for developing and managing fraud control arrangements and their conformance with relevant Commonwealth frameworks
- compliance with the PGPA Act, the PGPA Rule, the Commonwealth Risk Management Framework and supporting guidance
- risk appetite and tolerance levels and their communication.

Advice provided by the committee which may include reference to any specific areas of concern or suggestions for improvement.

System of Internal Controls

The committee will review and provide advice regarding the appropriateness of the department's:

- overall system of internal control
- internal control framework, including policies, procedures and management approaches to assessing compliance
- arrangements to ensure legislative and policy compliance
- internal audit independence, governance, work program, resourcing, coverage, reports and outcomes
- arrangements to ensure implementation of significant findings and recommendations from audits and reviews (including internal audits and reviews, ANAO audits, and Joint Committee of Public Accounts and Audit)
- arrangements to ensure security compliance, including compliance with the Protective Security Policy Framework
- business continuity and disaster recovery management
- culture and controls with reference to integrity, ethics and lawfulness (e.g. including the whistleblower mechanism)
- environmental and community sustainability
- compliance with the PGPA Act, the PGPA Rule, the Commonwealth Risk Management Framework and supporting guidance.

Meeting operations procedures

The committee's operations and procedures are designed to support effective governance and oversight, ensuring that meetings are conducted efficiently and in accordance with established protocols. These procedures guide the structure, frequency, and documentation of meetings, as well as delineate the roles and responsibilities of participants.

Committee membership

The committee will comprise up to five members who are not officials of the department and the majority must be members who are not officials of any Commonwealth entity. All appointments are made by the Secretary. The Secretary will appoint the Chair of the committee.

Committee members, taken collectively, will have a broad range of skills and experience relevant to its functions and the operations of the department. At least one member of the committee should have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of accounting and auditing standards in a public sector environment. At least one member should have ICT-related experience and/or qualifications, and a comprehensive understanding of ICT risk management.

In appointing members, consideration will be given to ensure there is an appropriate balance between continuity of membership, the contribution of fresh perspectives, and a suitable mix of qualifications, knowledge, skills and experience.

Committee members will be appointed for an initial period not exceeding three years. An extension is exercisable following a formal review of performance for a further period not exceeding three years, unless explicitly agreed by the Secretary.

Departmental advisors, as agreed by the Secretary and the Chair, may be appointed to support the Committee to fulfil its functions. These advisors will receive all the papers and attend all meetings but are not considered part of the quorum and do not have voting rights.

Members of the committee are expected to understand and observe the legal requirements of the *PGPA Act* and *PGPA Rule* relevant to the functions of the committee. Members are also expected to:

- act in the best interests of the department
- apply good analytical skills, objectivity and good judgement
- express opinions constructively and openly, raise issues that relate to the committee's responsibilities and pursue independent lines of inquiry
- maintain a good understanding of the department's operating context
- contribute the time needed to review the papers provided and meet their responsibilities
- engage in ongoing professional development and stay informed about emerging risks and governance practices
- act ethically and with integrity in all dealings
- maintain confidentiality of information obtained through their role on the committee
- promote a culture of accountability and transparency within the department.

Service fees will be paid in accordance with the contracts agreed with individual committee members. Committee members are required to submit invoices after committee meetings for services provided. Committee members will be allocated a departmental computer to undertake committee responsibilities securely and be given access to the VIP IT service desk. Members will also be given access to a car park on meeting days.

Role of the Chair

The Secretary will appoint the Chair of the committee. The Chair's responsibilities include, but are not limited to:

- maintaining effective relationships with the accountable authority, senior management, other committee members and stakeholders, including the ANAO
- leading ARC discussions and manage meetings in an efficient and effective manner
- implementing and managing departmental papers against the ARC's agenda, work program, deliverables, leadership, culture and behaviour in conjunction with the committee secretariat.

Sub-committees

The committee may establish sub-committees to support the performance of its functions. Such sub-committees must be chaired by a member of the committee. The sub-committee's terms of reference,

membership and reporting arrangements will be approved by the committee and reviewed annually. The establishment of such sub-committees does not change the committee's functions under the Charter.

Meeting attendance and quorum

The committee will meet at least four times per year and more often if required. Special meetings may be held to review the department's annual financial statements and performance statements or to meet other specific functions and responsibilities.

The Chair will call a meeting if requested by the Secretary and may call a meeting if requested by another committee member.

A quorum for any committee meeting will be the majority of members.

Internal staff or external parties can attend meetings (in whole or in part) as invited guests at the Chair's discretion.

Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities. This may include:

- an overview of the department's structure, operations, and key risks
- an introduction to the department's governance frameworks and key policies
- meetings with key executives, including the Secretary and the CAE
- invoicing procedures
- use of departmental computer for all committee related activities
- annual training requirements.

Conflicts of interest

Committee members with an actual, potential, or perceived conflict of interest with the role of the committee as defined in this Charter will notify the Chair and/or committee as soon as these issues become apparent and will complete an annual declaration of all relevant interests. Conflicts of interest will be managed as directed by the Chair (or Acting Chair in the event that the Chair identifies a conflict).

At the beginning of each committee meeting, members are required to declare any actual or perceived conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Chair of the committee, a member with an actual or perceived conflict of interest will be excused from the meeting or from the committee's consideration of the relevant agenda item(s).

Administrative arrangements

Committee secretariat

The Department will provide secretariat services to the committee as agreed to by the Secretary.

The committee secretariat's responsibilities include:

- providing administrative support for committee meetings
- preparing and distributing agendas and supporting papers prior to meetings
- preparing and distributing minutes
- record keeping
- assisting the committee in maintaining communication channels with internal and external stakeholders
- supporting the Chair's and the committee's engagement with the Secretary and the Executive Committee.

Planning

The committee will develop a forward meeting schedule and annual work plan that includes the dates and proposed agenda items for each meeting for the forthcoming year addressing all the functions and responsibilities outlined in it's Charter.

Consultation

The committee will develop and maintain open and constructive relationships with the department's Executive Committee, internal audit function, and the committee secretariat. The committee will collaborate to ensure a strategic approach is taken to provide advice on the appropriateness of the

department's accountability and control frameworks.

Reporting

The Chair will report to the Secretary and the Executive Committee after each meeting. Any matter deemed of sufficient importance will be reported to the Secretary immediately

The committee will formally report to the Secretary annually (or more often when required) on its operation and activities.

Performance review

The Chair of the committee, in consultation with the Secretary, 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 Secretary) with appropriate input sought from relevant stakeholders.

The Chair of the committee will provide advice to the Secretary on an external member's performance where an extension of the member's tenure is being considered.

Committee Charter review

The committee will review this Charter annually. This review will include consultation with the Secretary. Any substantive changes to the Charter will be recommended by the committee and formally approved by the Secretary.

Approved by

Tim Youngberry
Chair
Audit and Risk Committee
Department of Health, Disability and Ageing

Blair Comley PSM
Secretary
Department of Health, Disability and Ageing

Signed date: 20/3/2026