



Audit and Risk Committee Charter

January 2025

Introduction

1. The Secretary has established the Audit and Risk Committee in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (the PGPA Rule).
2. The Audit and Risk Committee is an advisory body that provides advice directly to the Secretary, as the Accountable Authority, on the appropriateness of the department's functions as set out in this Charter.
3. Responsibility for the department's financial reporting, performance reporting, system of risk oversight and management, and system of internal control remains with the Secretary.

Functions

4. Under Section 17(1) of the PGPA Rule, the Accountable Authority must determine the functions of the Audit and Risk Committee by written Charter (the Charter).
5. Subsection 17(2) of the PGPA Rule, requires that the functions of the Audit and Risk Committee must include reviewing the appropriateness of the department's:
 - a) financial reporting
 - b) performance reporting
 - c) system of risk oversight and management
 - d) system of internal control.

Financial reporting

6. The Audit and Risk Committee will review and provide advice on the appropriateness of the department's:
 - a) annual financial statements and related management representations
 - 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

- d) processes in place to allow the department to stay informed throughout the year of any changes or additional requirements in relation to financial reporting.
7. The Audit and Risk Committee will provide a statement to the Secretary on its view of:
- a) whether the annual financial statements demonstrates the department's compliance with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance
 - b) whether additional 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 Rule, the Accounting Standards and supporting guidance
 - c) the appropriateness of the department's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

8. The Audit and Risk Committee will review and provide advice on the appropriateness of the department's systems and procedures for assessing, monitoring and reporting on achievement of the department's performance. In particular, the Audit and Risk Committee should satisfy itself that the department's:
- a) Portfolio Budget Statements and Corporate Plan contain appropriate details of how performance will be measured and assessed
 - b) 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
 - c) systems and processes are appropriate for preparation of its annual performance statements and inclusion of the statements in its annual report.
9. The Audit and Risk Committee will provide a statement to the Secretary whether, in its view, the department's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

System of risk oversight and management

10. The Audit and Risk Committee will review and provide advice on the appropriateness of the department's:
- a) enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the department's risks, in keeping with the [Commonwealth Risk Management Policy](#)
 - b) approach to managing the department's risks — including those associated with individual projects and program implementation and activities
 - c) process for developing and implementing the department's fraud control arrangements, including processes for detecting, capturing and effectively responding to fraud risks, consistent with the [Commonwealth Fraud and Corruption Control Framework](#)
 - d) articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the department.
11. The Audit and Risk Committee will provide a statement to the Secretary whether in its view, the department'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.

System of internal control

12. The Audit and Risk Committee will review and provide advice on the appropriateness of the department's:
- a) internal control framework
 - 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
 - reviewing whether management has in operation relevant policies and procedures—such as Accountable Authority Instructions, delegations, a business continuity management plan or other existing policies.
 - b) legislative and policy compliance
 - reviewing the effectiveness of systems for monitoring the department's compliance with laws, regulations and associated government policies with which the department must comply
 - determining whether management has adequately considered legal and compliance risks as part of the department's enterprise risk management framework, fraud control framework and planning.
 - c) security compliance
 - reviewing the department's approach to maintaining an effective internal security system (including complying with the Protective Security Policy Framework).
 - d) internal audit coverage
 - reviewing the proposed internal audit coverage, ensuring that the coverage accounts for the department's primary risks, and recommending approval of the internal audit work plan by the Secretary
 - reviewing all internal audit reports, providing advice to the Secretary on major concerns identified in those reports, and recommending action on significant matters raised—including identification and dissemination of information on good practice
 - monitor the implementation of agreed recommendations from internal audits.
13. The Audit and Risk Committee provides a statement to the Secretary whether the department's system of internal control is appropriate for the department, with reference to any specific areas of concern or suggestions for improvement.

Other functions

14. The Audit and Risk Committee should satisfy itself:
- a) 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
 - b) whether the Secretary 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
 - c) that the department has appropriate mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the department and implementing, where appropriate, any resultant recommendations
 - d) that monitoring the implementation of recommendations from performance audits conducted by the Australian National Audit Office is undertaken.

Membership

15. Section 17(3) of the PGPA Rule states ‘the audit committee must consist of at least three persons who have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its function’. This Audit and Risk Committee consists of four members, who are appointed by the Secretary. Pursuant to Section 17(4) of the PGPA Rule, the Audit and Risk Committee may have a temporary increase in the number of members as a result of staggering the rotation of members.
16. The Audit and Risk Committee must consist of members who are not officials of the department and a majority of the members must be persons who are not officials of any Commonwealth entity.
17. Audit and Risk Committee members will typically be appointed for an initial period of three years. Additional periods may apply depending on the performance of the member and other relevant factors such as the composition of the Committee and the periodic rotation of members.
18. The Chair of the Audit and Risk Committee will be appointed by the Secretary. A Deputy Chair may also be appointed by the Audit and Risk Committee who may act as Chair in the absence of the Chair on a temporary basis.
19. Consistent with subsection 17(5) of the PGPA Rule and the Department of Finance’s Resource Management Guide 202, the Secretary and the Chief Financial Officer may not be members of the Audit and Risk Committee, but may attend meetings as observers, as determined by the Chair or by the Audit and Risk Committee.
20. The department’s First Assistant Secretaries (or proxies) and senior departmental officials, may attend relevant meetings as observers as determined by the Audit and Risk Committee to provide an overview of priorities, risks, performance reporting and governance arrangements and other relevant information.
21. Representatives from the Australian National Audit Office and internal audit contracted service provider(s) will not be members of the Audit and Risk Committee. However, they may attend relevant Audit and Risk Committee meetings as observers.
22. Members of the Audit and Risk Committee are expected to:
 - a) act in the best interests of the department as a whole
 - b) apply good analytical skills, objectivity and good judgment
 - c) express opinions constructively and openly, raise issues that relate to the Audit and Risk Committee’s responsibilities and pursue independent lines of enquiry
 - d) contribute the time required to meet their responsibilities.

Access to and use of information

23. The Secretary authorises the Audit and Risk Committee, in performing its functions, to:
 - a) seek any information it requires from (subject to any legal obligation to protect information):
 - i. any official of the department
 - ii. external parties (such as external audit providers)
 - b) obtain legal or other professional advice, subject to approval by the appropriate delegate
 - c) request the attendance of any official of the department at meetings, as appropriate.
24. Audit and Risk Committee members must not use or disclose information obtained by the Audit and Risk Committee except in meeting the Audit and Risk Committee’s responsibilities, or unless expressly agreed by the Secretary.
25. Members are required to sign a Deed of Confidentiality upon their appointment and thereafter as required.

Conflicts of interest

26. Once a year, Audit and Risk Committee members will provide written declarations to the Chair for reporting to the Secretary, declaring any potential, perceived or actual conflicts of interest they may have in relation to their responsibilities.
27. Audit and Risk Committee members with a potential, perceived or actual conflict of interest will notify the Audit and Risk Committee at the commencement of each meeting.
28. Any member, or observer, with a conflict of interest will excuse themselves from the relevant agenda item(s). Details of any conflicts of interest should be appropriately recorded in the meeting minutes.

Administrative arrangements

Meetings

29. The Audit and Risk Committee will meet at a minimum four times per year, and more often if required. A special meeting is typically held in September to review the department's annual financial statements and performance statements. Special meetings may also be held to meet other specific responsibilities of the Audit and Risk Committee including performance reporting. Additional papers may be circulated to Audit and Risk Committee members for review out-of-session.
30. The Secretary, or a representative, will attend the 'members-only' session at the commencement of Audit and Risk Committee meetings to provide members with an overview of key priorities and risks.
31. The Chair will call a meeting if requested to do so by the Secretary, and may call a meeting if requested by another Audit and Risk Committee member.
32. A quorum for any Audit and Risk Committee meeting will consist of a majority of members, one of whom must be the Chair or the Deputy Chair.

Reporting

33. The Chair will meet with the Secretary on an 'as needed' basis. A Communique is provided to the Secretary from the Chair after each meeting. Any matter deemed of sufficient importance will be reported to the Secretary without delay.
34. The Audit and Risk Committee will consider its coverage of activities against the Charter on an annual basis, and communicate this in the Audit and Risk Committee annual report to the Secretary.

Internal Audit Charter

35. The Secretary has established the internal audit function as a key component of the department's governance framework. The Internal Audit Charter provides the framework for the conduct of the internal audit function and is approved by the Secretary following endorsement by the Audit and Risk Committee. The Internal Audit Charter describes the internal audit activities undertaken to support the Audit and Risk Committee.

Annual work plan

36. Each year an annual work plan is agreed by the Audit and Risk Committee to address the functions outlined in this Charter. The Audit and Risk Committee may consider other or additional matters in response to changes in the department's operations and environment. Agenda items for each meeting will be based on the work plan and determined on a meeting by meeting basis.

Sub-committees

37. The Audit and Risk Committee may establish one or more sub-committees to support meeting its responsibilities. The responsibilities and reporting arrangements for each sub-committee will be documented and approved by the Audit and Risk Committee.
38. The establishment of such sub-committees does not change the Audit and Risk Committee's functions under this Charter.
39. The Audit and Risk Committee has established the Financial Statements Sub-Committee which meets five times per year. Two members of the Audit and Risk Committee are members of the Financial Statements Sub-Committee.

Audit and Risk Committee performance

40. Consistent with Resource Management Guide 202, the department will regularly review the Audit and Risk Committee's performance and assess its conduct and deliverables against the Charter. These performance reviews will take account of the Audit and Risk Committee's own assessment of its performance.

Induction

41. New members will receive from the Chair relevant information and briefings following their appointment to assist them to meet their responsibilities.

Secretariat

42. The Assurance, Integrity, Risk and Governance Branch will provide secretariat services to the Audit and Risk Committee.
43. The secretariat is responsible for arranging Audit and Risk Committee meetings, preparing and coordinating meeting agendas, papers and meeting minutes, and appropriate record keeping of Audit and Risk Committee meetings.

Review

44. The Audit and Risk Committee will review the appropriateness of this Charter annually. Any changes to the Charter will be endorsed by the Audit and Risk Committee and formally approved by the Secretary.

Document control

Approval

Date	Name	Title
16 January 2025	Mr. Jim Betts	Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts
11 August 2023	Mr. Jim Betts	Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts
23 July 2022	Mr. Jim Betts	Secretary, Department of Infrastructure, Transport, Regional Development, Communications and the Arts
7 October 2021	Mr. Simon Atkinson	Secretary, Department of Infrastructure, Transport, Regional Development and Communications.

Endorsement

Date	Authorisation Body
13 December 2024	Audit and Risk Committee
13 June 2023	Audit and Risk Committee
16 June 2022	Audit and Risk Committee
November 2020	Audit and Risk Committee