Australian Government
Department of Finance

Audit and Risk Committee Charter

Effective 10 September 2025

External Chair	Mr Don Cross – appointed by Secretary 1 June 2023
Charter Updated	10 September 2025
Secretariat	Parliamentary Governance and Strategy Branch
Reporting Line	The Audit and Risk Committee reports directly to the Secretary
Meeting Frequency	The Audit and Risk Committee will convene at least five times per year

1. Role

1.1. The Secretary of the Department of Finance (the department) has established the Finance Audit and Risk Committee (the Committee) pursuant to Subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and in accordance with Section 17 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

1.2. The Committee is directly accountable to the Secretary for the performance of its functions.

1.3. The Committee has no management responsibilities and does not make decisions in relation to the department's processes or functions.

1.4. The Committee has no executive powers in relation to the operations of the entity. The Committee may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the Secretary accordingly.

2. Functions

2.1. Consistent with Subsection 17(2) of the PGPA Rule, the role of the Committee is to provide independent advice to the Secretary on the appropriateness of the department's financial reporting, performance reporting, system of risk oversight and management, and system of internal control.

2.1.1. Financial reporting [PGPA Rule 17(2)(a)]

The Committee will review the financial statements and provide independent advice to the Secretary on its view of the appropriateness of the department's:

a) annual financial statements, related management representations and Supplementary Reporting pack, specifically relating to their compliance with the PGPA Act, PGPA Rules, Accounting Standards and supporting guidance;

b) action in response to any issues raised by the external auditor, including financial statements adjustments or revised disclosures; and

c) financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

2.1.2. Performance reporting [PGPA Rule 17(2)(b)]

The Committee will review the performance information, systems, and framework, and provide independent advice to the Secretary on its view of the appropriateness of the department's:

a) systems and procedures for assessing, monitoring, and reporting the achievement of the department's non-financial performance measures, and assess whether:
    - the Portfolio Budget Statements and Corporate Plan contain appropriate details of how the department will achieve its purposes and measure and assess its performance;
    - the approach to measuring performance covers the whole performance reporting lifecycle and is appropriate and in accordance with the Commonwealth performance framework guidance;
    - appropriate records are maintained to enable the preparation of the annual performance statements and systems and processes are in place for inclusion of the statements in the department's annual report; and
    - action being taken in response to any issues raised by the external auditor is appropriate.
b) annual performance statements and performance reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

2.1.3. System of risk oversight and management [PGPA Rule 17(2)(c)]

The Committee will review the system of risk oversight and management and provide independent advice to the Secretary on its view of the appropriateness of the department's:

a) enterprise risk management policy framework and the necessary internal controls for the identification and management of the department's risks, including emerging risks and risks associated with significant projects and program implementation activities, in accordance with the Commonwealth Risk Management Policy;
b) risk management capability and whether key roles, responsibilities and authorities relating to risk management are clearly articulated and managed;
c) approach for reporting on the management of risks to support the Secretary's role in oversight of risk management;
d) processes for developing and implementing the department's fraud and corruption control arrangements, including identifying, preventing, detecting, capturing and responding to fraud and corruption risk, in accordance with the Commonwealth Fraud and Corruption Control Framework;
e) approach to business continuity and disaster recovery management, including its ongoing maintenance and periodic testing; and
f) systems for risk oversight and risk management as a whole, and any specific areas of concern or suggestions for improvement.

2.1.4. System of internal control [PGPA Rule 17(2)(d)]

The Committee will review the internal control framework and provide independent advice to the Secretary on its view of the appropriateness of the department's:

a) approach to maintaining an effective internal control framework;
b) processes for ensuring relevant policies and procedures - such as accountable authority instructions, delegations and other key policies are reviewed as appropriate;

c) consideration of legislative compliance risks within the internal control framework, fraud and corruption control framework and planning;
d) steps taken to embed a culture that promotes the proper use and management of public resources and commitment to ethical and lawful conduct;
e) approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework, and ICT security policies;
f) internal audit planning to provide coverage and alignment with the department's risks, reporting on major concerns identified in internal audit reports, and recommending action on significant matters raised, and dissemination of information on good practice;
g) processes for monitoring the implementation of external reports and recommendations of relevance to the department; particularly those of Parliamentary Committees and the Australian National Audit Office (ANAO);
h) systems of internal controls as a whole, with reference to any specific areas of concern or suggestions for improvement.

2.1.5. Additional Responsibilities

The Secretary requires the Committee to undertake the following additional functions, including:

a) periodically review the performance of the internal audit partner;
b) review reports from the internal audit partner;
c) monitor management's responses to all external auditor financial statements management letters and performance audit reports, including the implementation of audit recommendations;
d) meet privately with the internal audit partner at least once per year, if required.
e) meet privately with the external auditor at least once per year, if required.

3. Authority

3.1. The Secretary authorises the Committee, in performing its functions, to:

3.1.1. access and use any information it requires from any official of the department and external parties (subject to their legal obligation to protect information); and
3.1.2. require the attendance of any official of the department at meetings, as appropriate.
3.1.3. discuss any matters with the external auditor, or with other relevant and appropriate external stakeholders, where such engagement supports the Committee's responsibilities or functions, or is required by law (subject to confidentiality considerations).
3.1.4. as appropriate, assist in the resolution of any disagreements between management and the external auditor.

4. Sub-committees

4.1. The Committee may establish subcommittees to support the performance of its functions. The Committee will appoint a current member to chair such subcommittees.
4.2. The responsibilities, membership and reporting arrangements for each sub-committee shall be documented and approved by the Committee.

5. Membership

5.1. In accordance with Subsection 17(3) and Subsection 17(4) of the PGPA Rule:

5.1.1. membership of the Audit and Risk Committee must consist of at least three persons who have appropriate qualifications, knowledge, skills or experience to assist the committee to perform its functions;

5.1.2. all of the members of the Committee must be persons who are not officials of the entity; and

5.1.3. a majority of the members must be persons who are not officials of any Commonwealth entity.

5.2. The Committee comprises at least four external members as follows:

5.2.1. Chair – appointed by the Secretary (independent external member);

5.2.2. Deputy Chair – one of the members to be appointed by the Committee; and

5.2.3. At least two other members – appointed by the Secretary (external to the Department).

5.3. Members are appointed for a minimum three-year term. Membership should be reviewed after this to ensure ongoing independence (maximum term is ten years).

5.4. Senior Departmental Officials may be appointed by the Secretary as Advisers to the Committee or any sub-committee from time to time to assist members to undertake their function.

5.5. The Head of Internal Audit (position-based) is afforded adviser status.

5.6. The Committee Chair may be invited to attend executive governance committee meetings as determined by the relevant committee Chair/s.

5.7. Unless otherwise determined by the Committee, representatives of the ANAO and Internal Audit Partner may attend the meetings as observers.

5.8. The Chair may approve any departmental officer attending a Committee meeting as an observer. This may include Assistant Secretary or Executive Level 2 observers.

6. Conflicts of Interest

6.1. On engagement and each year thereafter, members of the Committee and its sub-committee(s) will provide written declarations to the Chair for provision to the Secretary declaring any potential or actual conflicts of interest they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

6.2. At the beginning of each Committee or sub-committee meeting, members are required to declare any potential or actual conflicts of interest that may apply to specific matters on the meeting agenda. Where required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members of the Committee and its sub-committee(s) and action taken will be appropriately reflected in the minutes.

7. Administrative Arrangements

7.1. Meetings

7.1.1. The Committee will meet at least five times per year.

7.1.2. The Chair is required to call a meeting if requested to do so by the Secretary and may call a meeting if requested by another Committee member.

7.1.3. A quorum for any Committee meeting will be a majority of members, one of whom must be the Chair or the Deputy Chair of the Committee.

7.2. Secretariat Support

7.2.1. The Secretariat will provide all secretariat support including the recording of the minutes, coordination and circulation of papers and record keeping.

7.2.2. The Secretariat will work with the Chair in setting the agenda for each meeting.

7.2.3. Minutes must be reviewed by the Chair and circulated in a timely manner to each member prior to being included in the papers for the next meeting.

7.2.4. The Secretariat will maintain records in accordance with the Department's obligations under the *Archives Act 1983* and Section 37 of the PGPA Act.

7.3. Induction

7.3.1. The Chair is to ensure new members receive relevant information and briefings on their appointment via the Secretariat to assist them to meet their committee responsibilities.

7.4. Disclosure and Use of Information

7.4.1. Committee members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the Secretary.

8. Reporting

8.1. The Chair will report to the Secretary after each meeting. Any matter deemed of sufficient importance will be reported to the Secretary

8.2. The Committee will, as often as necessary, and at least once a year, report to the Secretary on its operation and activities against the responsibilities outlined in this charter. In providing its view to the Secretary, the Committee should note any areas of concern, non-remediation of significant recommendations, and suggestions for system or process improvement.

8.3. The Committee will develop and maintain relationships with Executive governance committees to ensure a strategic approach is taken to providing advice on the appropriateness of department's accountability and control framework.

8.4. To facilitate the timely exchange of information between the committees, the Audit and Risk Committee will receive an update from the Performance and Risk Committee Chair (or the chair of other executive governance committees) and share relevant information, which may include the minutes of meetings and any endorsed reports.

9. Review of Functions

9.1. The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. The outcomes of this assessment will be reported to the Secretary. The review will be conducted on a self-assessment basis with appropriate input sought from Committee members, senior management, internal audit, external auditor, and any other relevant stakeholders.

9.2. The Committee will review the appropriateness of this Charter at least annually, in consultation with the Secretary. The outcomes of this review will be considered by the Secretary.

10. Approval Decision Authority

This Charter was approved by the Secretary on:

Signed:

Richard Windeyer
Acting Accountable Authority (Acting Secretary)

Date: 10 September 2025

Previous version dated 17 October 2024.