



Audit and Risk Committee Charter 2025-26

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Approved: Secretary

Contact: ARC Secretariat

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OFFICIAL

Purpose

The Secretary of the Department of Parliamentary Services (DPS) has established an Audit and Risk Committee (ARC) in accordance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

This Charter sets out the ARC's functions, conduct, authority, composition, roles and responsibilities and reporting and administrative arrangements to independently review and advise the Secretary on key aspects of the DPS operations outlined in the Charter.

Role and responsibilities

The role of the DPS ARC is to provide independent advice to the Secretary on the appropriateness of the DPS's financial and performance reporting, system of risk oversight and management and system of internal control. The ARC will hold regular meetings to review all available information and documents relevant to forming its independent advice to the Secretary.

Section 17(2) of the PGPA Rule states that the functions of the ARC must include reviewing the entity's appropriateness of the accountable authority's:

- (a) financial reporting; and
- (b) performance reporting; and
- (c) system of risk oversight and management; and
- (d) system of internal control;

Qualifications, knowledge, skills and experience

Collectively, the ARC will have a broad range of suitable skills and experience to enable the ARC to perform its functions, including appropriate qualifications, knowledge and experience. It is expected that all members will understand and observe the Commonwealth's legislative environment and legal requirements of the PGPA Act and PGPA Rule; and be conversant with financial management reporting (PGPA (Financial Reporting) Rule 2015).

In appointing members to the ARC, the Secretary will have regard to:

- the DPS's governance framework and assurance mechanisms
- the current skills, knowledge, experience and capabilities of the ARC, and any gaps in skills or competencies
- the appropriateness of their qualifications, knowledge, skills, or experience to assist the ARC to perform its functions, and
- the key risks to DPS, including risks relating to program delivery and implementation.

Members are also expected to:

- maintain a good understanding of the DPS's functions, objectives, and operational context
- act in the best interests of DPS and the Commonwealth
- express opinions constructively and raise issues that relate to the Department's responsibilities and pursue independent lines of enquiry, and
- contribute the time required to meet their responsibilities.

Authority

The Secretary authorises the ARC, in accordance with its roles and with its responsibilities to:

- obtain any information it requires from any official or external party (subject to any legal obligation to protect information). This includes the Portfolio Budget Statements, Corporate Plan, Annual Report, external and Internal Audit reports, relevant departmental and independent reviews and relevant Management briefings and reports including new initiatives such as major projects and business transformation
- discuss any matters with the Australian National Audit Office (ANAO), or other external parties (subject to confidentiality considerations)
- request attendance of any DPS official at ARC meetings
- obtain legal or other professional advice, as considered necessary to meet its obligations, at DPS's expense, subject to the approval by the Secretary or delegate.

Independence

The ARC has no executive powers in relation to the operations of DPS and will directly report to the Secretary for the performance of its functions as detailed in this Charter.

The ARC does not undertake management responsibilities and is not a substitute for normal management controls and accountabilities. The responsibility for DPS's financial reporting, performance reporting, system of risk oversight and management, and system of internal control rests with the Secretary and officials of DPS.

The ARC may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the Secretary accordingly.

Membership

The ARC comprises of at least three members appointed by the Secretary. All members must not be officials of DPS, and a majority of members must be persons who are not officials of any Commonwealth entity:

- the Secretary will appoint the Chair of the ARC
- the ARC Chair is authorised to appoint a Deputy Chair of the ARC to act as Chair in their absence
- the members, taken collectively, will have a broad range of skills and experience relevant to the operations of DPS
- At least one member of the ARC will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment, and
- ARC Members will be appointed for periods determined by the Secretary, considering:
 - The ARC Chair will be appointed for a minimum of 3 years, with an option to extend
 - Members will normally be appointed for a specified period not exceeding two years
 - Members may be re-appointed after a formal review of performance and the complementary skills and experience of the other members, for a further period not exceeding two years, unless agreed by the Secretary

A member may resign at any time by giving written notice no less than 60 days prior to their separation to the Secretary (copied to the Chair and Chief Audit Executive (CAE)).

Members cannot delegate their responsibilities as members of the ARC, and alternative or temporary members will not be appointed to meet quorum.

Observers

The Secretary, Deputy Secretary (Chief Operating Officer), First Assistant Secretary Finance and Property Services (Chief Financial Officer), the Chief Information Officer, CAE and other management representatives will not be members of the ARC (PGPA Rule 17(5)); but may attend meetings as observers as determined by the Chair.

Representatives of the Australian National Audit Office (ANAO) and external providers of Internal Audit services will not be members of the ARC but will be invited to attend meetings as observers, as determined by the Chair.

Conflicts of interest

On engagement and at least each year thereafter, members of the ARC will provide written declarations to the ARC Chair for provision to the Secretary, declaring any potential, perceived or actual conflicts of interest they may have in relation to their responsibilities. Members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Secretary, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any conflicts of interest.

At the beginning of each ARC 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 ARC's consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members of the ARC, and action taken, will be appropriately reflected in the minutes.

Key Activities and Deliverables

Consistent with PGPA Rule 17(2), the role of the ARC is to provide independent advice to the Secretary on the appropriateness of the DPS financial reporting, performance reporting, system of risk oversight and system of internal control.

Financial Reporting [PGPA Rule 17(2)(a)]

The ARC will review and provide advice on appropriateness of the DPS's:

- annual financial statements
- 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
- processes and systems for preparing financial reporting information including the processes and supporting systems in place designed to ensure that financial information included in the DPS annual report is consistent with the signed financial statements
- financial record keeping
- processes in place to allow DPS to stay informed throughout the year of any changes or additional requirements in relation to financial reporting
- action in response to any issues raised by the external auditor, including financial statements adjustments and revised disclosure

- financial reporting, with reference to specific areas of concern or suggestions for improvement, including, where appropriate, management action that has been taken in response to any significant issues raised by the ANAO.

The ARC will provide a statement to the Secretary advising:

- whether the annual financial statements, in the ARC's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance
- whether additional entity information (other than financial statements) required by Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance, and
- the appropriateness of the DPS's overall financial reporting, with reference to any specific areas of concern or suggestions for improvement.

Performance Reporting [PGPA Rule 17(2)(b)]

The ARC will review the performance information, systems and frameworks and provide independent advice to the Secretary on its view of the appropriateness of:

- Systems and procedures for assessing, monitoring, and reporting the achievement of DPS performance, including:
 - the Portfolio Budget Statement and Corporate Plan containing appropriate details of how DPS will measure and assess its performance
 - the approach to measuring performance covers the whole performance reporting lifecycle and is appropriate and in accordance with PGPA Rule 16EA; and 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 annual report
 - performance measures are achievable, appropriate and assist DPS meet its Portfolio Budget Statement outcome, and
 - Annual Performance Statements and performance reporting, with reference to any specific areas of concern or suggestions for improvement, including whether DPS has processes in place to provide assurance that the proposed annual performance statement is consistent with DPS financial information, including its financial statements that it proposes to include in its annual report.

The ARC will provide the Secretary with a statement to advise whether, in their view, the DPS's Annual Performance Statements, performance reporting and compliance with the PGPA Act and Rule is appropriate, with reference to any specific areas of concern or suggestions for improvement.

System of Risk Oversight and Management [PGPA Rule 17(2)(c)]

The ARC will review the system of risk oversight and management and provide independent advice to the Secretary on the appropriateness of:

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of DPS's risk, in keeping with the Commonwealth Risk Management Policy
- approach to managing DPS's key risks; including those associated with individual projects and program implementation and activities

- approach for reporting on the management of risks to support the Secretary's role in oversight of risk management
- process for developing and implementing DPS's fraud and corruption control arrangements consistent with the Commonwealth Fraud and Corruption Control Framework, and satisfy itself that DPS has adequate processes for preventing, detecting and effectively responding to fraud and corruption risks
- approach to business continuity and risk management comply with the Commonwealth Risk Management Framework, and
- whether DPS has appropriate systems and procedures in place to identify key risk assurance arrangements and review these annually.

The ARC will provide a statement to the Secretary on whether, in their view, the Secretary's system of risk oversight and management is appropriate with reference to the Commonwealth Risk Management Policy and any specific areas of concern or suggestions for improvement.

System of Internal Control [PGP Rule 17(2)(d)]

The ARC will take a risk-based approach to reviewing the appropriateness the DPS's system of internal control. This will include requirements of the PGPA Act and additional functions, such as:

- reviewing management's approach to maintaining an effective financial and nonfinancial 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 and delegations, as reflected in its governance framework
- reviewing management's approach to implementing controls and systems to ensure compliance with as well as monitoring compliance performance in relation to, legislation, regulations and Government policies which are relevant to DPS
- approach to implementing controls and systems to ensure compliance with, as well as monitoring compliance performance in relation to, significant and enabling legislation, regulations and Government policies, such as the Work Health and Safety Act 2011, Privacy Act 1988, Freedom of Information Act 1982, Protective Security Policy Framework, the finance law (including the PGPA Act) and Commonwealth Fraud and Corruption Control Framework
- determining whether management has adequately considered legal and compliance risks as part of the DPS's enterprise risk management framework, fraud and corruption control framework and planning
- approach taken in establishing business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested
- steps taken to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct
- reviewing management's approach to maintaining an effective internal security system, including complying with the Protective Security Policy Framework

- reviewing the proposed Internal Audit coverage, ensuring that the coverage takes into account DPS's primary risks, and recommending approval of the Internal Audit work plan by the Secretary
- reviewing all Internal Audit reports, providing advice to the accountable authority on major concerns identified in those reports, and recommending action on significant matters raised—including identification and dissemination of information on good practice
- Satisfy itself that DPS has appropriate mechanisms for reviewing relevant parliamentary committee reports, external ANAO reviews and evaluations of DPS and implementing, where appropriate, any resultant recommendations, and
- monitor management's responses to all external auditor financial statements management letters and performance audit reports, including the implementation of audit recommendations and meet privately with the external auditor at least once per year, if required.

The ARC will provide a statement to the Secretary about whether the DPS's system of internal control is appropriate for DPS, with reference to any specific areas of concern or suggestions for improvement.

Administrative Arrangements

Meetings

ARC will meet at least four times per year, with additional meetings held to review DPS's annual financial statements and performance statements, or to meet other specific responsibilities of ARC. Meetings will be conducted on a face-to-face basis and/or by videoconference as necessary. With the approval of the Chair, ARC can also agree items out-of-session by email communication.

A quorum will be met if all, but one ARC member is not in attendance.

The Chair is required to call a meeting if asked to by the Secretary and decide if a meeting is required if requested by another member, or independent auditor.

Forward Work Plan

The ARC, with support from the Secretariat, will develop an annual forward workplan, detailing activities to be undertaken to address the functions outlined in this Charter. The forward work plan will be used to establish the agenda for upcoming meetings.

Additional or emerging items will be added to the forward work plan as approved by the Chair.

Secretariat

DPS will provide full secretariat services to the ARC, through the Corporate Services Division (Parliamentary, Communications and Governance Branch). The Secretariat will:

- develop each meeting agenda based on the Forward Work Plan and other requirements i.e. action items/ARC requests and seek approval from the Chair and CAE
- circulate the agenda and supporting papers at least five business days before each meeting
- provide Minutes and action items to for approval by the Chair and CAE prior to circulating to members and attendees within 15 business days after each meeting. Ensure draft Minutes from the previous meeting are included in the next meeting pack

- maintain records in accordance with DPS's obligations under the *Archives Act 1983* and Section 37 of the PGPA, and
- manage ARC members contracts.

Induction

New members will be provided with induction materials and briefings to support them in performing their ARC responsibilities.

Reporting

The Chair will report to the Secretary after each meeting on behalf of the ARC. In providing its views to the Secretary, the ARC should note any areas of concern, non-remediation of significant recommendations, and/or suggestions for system or process improvement.

The ARC will at least once a year report to the Secretary on its operation and activities against the responsibilities outlined in this Charter, the Forward Work Plan and other work undertaken throughout the year to support the Secretary's assurance of the appropriateness of the

DPS's financial and performance reporting, system of risk oversight and management and system of internal control.

Disclosure and Use of Information

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

ARC Assessment

The Chair will initiate a review of the performance of the ARC 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 ARC members, senior management, the internal auditor, external auditor, and any other relevant stakeholders, as determined by the Secretary or their delegate.

Review of the Charter

The ARC will review the appropriateness of this Charter annually. Substantial changes will be provided to the Secretary for approval. Following approval, this Charter will be published on the DPS external website and intranet.