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Audit and Risk Committee Charter

Establishment

The Defence and Veterans' Service Commissioner (the Commissioner) has established the Audit and Risk Committee (the Committee) 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).

Functions

The Committee's role is to provide independent advice to the Commissioner on the appropriateness of the following for the Defence and Veterans' Service Commission (DVSC):

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

The Committee is not responsible for any executive management decisions.

Further detail is provided in **Attachment A**.

Conduct of the Committee

Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and PGPA rule. The Committee will constructively engage with management in discharging its role and functions for the Commissioner.

The Committee will be assisted by the Corporate and Governance team of the Defence and Veterans' Service Commission (DVSC).

Members are also expected to:

- act in the best interests of the DVSC as a whole
- apply good analytical skills, objectivity, judgement and understanding of the Commission's operating context
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities, and
- contribute the time required to meet their responsibilities.

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Committee members must not use or disclose information obtained in their role on the Committee except in meeting the Committee's role and functions, or unless expressly agreed by the Commissioner.

Authority

The Commissioner authorises the Committee, within the scope of its role and functions, to:

- obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
- discuss any matters with an external auditor, including the Australian National Audit Office, or other external parties (subject to confidentiality considerations)
- request the attendance of the Commissioner or any employee at Committee meetings, and
- obtain legal or other professional advice, as considered reasonably necessary to meet its role and functions, at the DVSC's expense, (with written approval).

The Committee must work with the DVSC to ensure its procurement obligations are met, should the Committee seek to procure legal or other professional advice.

Membership

The Committee will consist of an independent Chair and at least two additional independent members appointed by the Commissioner. No members will be officials of the DVSC.

The members, taken collectively, will have a broad range of skills and experience relevant to the role and functions of the Committee, and ensure they understand the business of the DVSC.

Observers

Representatives from the Australian National Audit Office (ANAO) will be invited to attend all meetings as observers and to provide an update on their work at the relevant agenda item.

Meetings

The Committee will meet at least four times per year.

A special meeting may be held to review the DVSC's annual financial and performance statements.

The Chair is required to call a meeting if requested to do so by the Commissioner, and consider the requests of Committee members for additional discussions.

A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover the Committee's responsibilities as detailed in this Charter.

Attendance at meetings and quorums

A quorum will consist of a majority of Committee members.

Meetings may be held in person, by telephone or by video conference.

If the Chair is absent from any meeting or part of a meeting, another member can act as the Chair.

The Deputy Commissioner will attend Committee meetings as an advisor. Other officials, may attend meetings, or part of meetings, to support the Committee to discharge its functions.

The Chair may also invite the Commissioner, representatives of ANAO, or an internal auditor, to attend a meeting, or participate in specific discussions.

Secretariat

The DVSC Communications and Stakeholder Engagement team will be responsible for arranging secretariat support to the Committee. The secretariat will ensure an agenda is circulated no later than one week prior to meetings together with any supporting papers. The secretariat will ensure that minutes for the meetings are maintained and circulated promptly to members, the internal auditor and prepare a summary of each meeting to be provided to the Executive Committee.

The secretariat will also support the management of Committee member contracts and induction.

Conflicts of interest

Once a year Committee members will provide written declarations, through the Chair, to the Commissioner declaring any material personal interest or perceived personal interest that may preclude them from being members of the Committee. Committee members may provide updated declarations at any time.

Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

Where members or observers at Committee meetings are deemed to have a real, or perceived, conflict of interest, they are to be excused from Committee deliberations on the issue where a conflict of interest exists.

Assessment arrangements

The Chair of the Committee will initiate 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 Commissioner).

Review of charter

Each year, the Committee will review this charter with the support of the secretariat.

Any changes to the charter will be formally approved by the Commissioner.

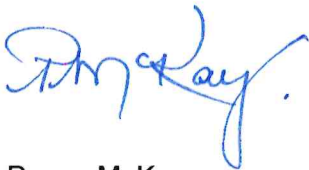
Reporting

The Chair will meet with the Commissioner following each ARC meeting.

The Committee will report, at least once a year, to the Commissioner on its operation and activities during the year. The report should include:

- a summary of the work the Committee has performed to discharge its role and functions
- an assessment of the appropriateness of the DVSC's financial reporting, performance reporting, systems of risk oversight and management, and systems for internal control
- whether appropriate action has been taken in response to previous audit recommendations
- a recommendation with respect to the signing of the financial and performance statements by the Commissioner, having had regard to advice from the Australian National Audit Office (ANAO) (on the financial statements and performance statements, if audited).

The Committee may, at any time, report to the Commissioner any matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the Commissioner.



Penny McKay
Acting Defence and Veterans' Service Commissioner
26 May 2026

Attachment A - Functions

Consistent with Section 17 of the *Public Governance and Performance Accountability Rule 2014*, the Committee functions are as follows.

Financial reporting

The Committee is to review and provide advice on the appropriateness of the DVSC's:

- annual financial statements, including adequacy of areas of significant judgement and estimation,
- information (other than annual financial statements) requested by the Department of Finance (Finance) in preparing the Australian Government's consolidated financial statements, including the supplementary reporting package,
- processes and systems for preparing financial reporting information
- financial record keeping
- processes in place to allow the DVSC to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting.

The Committee is to provide advice to the Commissioner on:

- whether the annual financial statements, in the Committee'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 SRP) comply with the PGPA Act, the PGPA Rule, the Accounting Standards and supporting guidance
- the appropriateness of the DVSC's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

The Committee is to review and provide advice on the appropriateness of the DVSC's systems and procedures for assessing, monitoring and reporting on achievement of the DVSC's performance, including whether:

- the DVSC's Portfolio Budget Statements (PBS) and Corporate Plan contain appropriate details of how the entity's performance will be measured and assessed
- the DVSC's approach to measuring its performance throughout the financial year against the performance measures included in its PBS and Corporate Plan is appropriate and in accordance with the Commonwealth Performance Framework, including s16EA PGPA Rule.
- the DVSC has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.

The Committee is to provide advice to the Commissioner on the appropriateness of DVSC's:

- PBS performance measures

- Corporate Plan performance measures
- Annual Performance Statement.

The Committee is to provide advice to the Commissioner whether, in their view, performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

Systems of risk oversight and management

The Committee is to review and provide advice on the appropriateness of the DVSC's:

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the DVSC's risks, in keeping with the Commonwealth Risk Management Framework
- approach to managing the DVSC's key risks – including those associated with individual projects and program implementation and activities
- process for developing and implementing the DVSC's fraud control arrangements consistent with the fraud control plan and satisfy itself that the DVSC has adequate processes for detecting, capturing and effectively responding to fraud risks
- articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the DVSC.

The Committee is to provide advice to the Commissioner whether, in their view, the DVSC'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.

Systems of internal control

The Committee is review and provide advice on the appropriateness of the DVSC's:

- 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 and other key policies.
- legislative and policy compliance:
 - reviewing the effectiveness of systems for monitoring the DVSC's compliance with laws, regulations and associated government policies with which the DVSC must comply.
- business continuity:

- determining whether 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.
- ethical and lawful conduct:
 - assessing whether steps have been taken to embed a culture that promotes the proper use and management of public resources and is committed to ethical and lawful conduct.
- Parliamentary committee reports, external reviews and evaluations:
 - reviewing mechanisms for reviewing relevant parliamentary committee reports, external reviews and evaluations of the DVSC and implementing, where appropriate, any resultant recommendations.
- security compliance:
 - reviewing management’s approach to maintaining an effective internal security system – including complying with the Protective Security Policy Framework and ICT security policy.

The Committee is to provide advice to the Commissioner whether the system of internal control is appropriate for the DVSC, with reference to any specific areas of concern or suggestions for improvement.

