AUDIT AND RISK COMMITTEE CHARTER

ESTABLISHMENT

The Audit and Risk Committee (the *Committee*) is established by the Accountable Authority (Chief Executive Officer) of the National Environment Protection Agency (the Agency) in compliance with subsection 45(1) of the *Public Governance, Performance and Accountability Act 2013* (*PGPA Act*).

Functions

The Accountable Authority has determined the functions of the *Committee* as set out in this Charter, consistent with subsection 45(2) of the *PGPA Act* and subsections 17(1) and 17(2) of the *Public Governance, Performance and Accountability Rule 2014* (*PGPA Rule*).

The *Committee* will review the appropriateness of the relevant Accountable Authority's:

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

Financial Reporting

The *Committee* will review and provide advice on the appropriateness of the entity's:

- annual financial statements
- processes and systems for preparing financial reporting information
- financial records and supporting documentation underpinning financial reporting.

The *Committee* will provide a letter addressing the annual financial statements of the Agency to the Accountable Authority. The statement will include:

- the Committee's view on the compliance of the statements with the:
    - PGPA Act
    - PGPA Rule
    - the Australian Accounting Standards
    - relevant supporting guidance.
- consideration of the appropriateness of the Agency's financial reporting, with reference to any specific areas of concern or recommendations for improvement.

Performance Reporting

The *Committee* will review and provide advice on the appropriateness of the Agency's systems and procedures for assessing, monitoring and reporting on achievement of the Agency's performance.

In particular, the *Committee* should seek evidence to satisfy itself that:

- the Agency's Portfolio Budget Statements and corporate plan contain appropriate details of how the Agency's performance will be measured and assessed
- the Agency's performance information, systems and framework support the effective measurement, assessment and reporting of performance
- the Agency's approach to measuring 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, over time, reviewing elements of the performance measures
- the Agency's Annual Performance Statements appropriately reflect the results of performance measurement and assessment undertaken during the reporting period
- the Agency has appropriate systems and processes for the preparation of its Annual Performance Statements prepared under section 39 of the *PGPA Act* and inclusion of those statements in its annual report.

The *Committee* will provide a statement to the Agency's Accountable Authority whether, in the *Committee*'s view, the Agency's annual performance statements and performance reporting is appropriate and include any specific areas of concern or recommendations for improvement.

System of risk oversight and management

The *Committee* will review and provide advice on the appropriateness of the Accountable Authority's:

- enterprise risk management policy framework and the necessary internal controls for the effective identification and management of the Agency's risks, in keeping with the Commonwealth Risk Management Policy (CRMP) for non-corporate Commonwealth entities (NCEs)
- risk profile, risk appetite and approach to managing the Agency's key strategic, operational, project and emerging risks
- approach to managing the Agency's key risks – including those associated with individual projects and program implementation activities
- process for developing and implementing the Agency's fraud control arrangements consistent with the Commonwealth Fraud Control Framework
- fraud control arrangements, including processes for preventing, detecting and responding to fraud, consistent with the Commonwealth Fraud Control Framework.
- articulation of key roles and responsibilities relating to risk management and adherence to those roles by officials of the Agency.

The *Committee* will provide a statement to the Accountable Authority whether in the *Committee*'s view, the Agency's system of risk oversight and management is appropriate (with reference to the CRMP), along with highlighting any specific areas of concern or suggestions for improvement.

System of internal control

The *Committee* will review and provide advice on the appropriateness, effectiveness and compliance with the Accountable Authority's:

- **internal control framework**, including:
    - 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.
- **legislative and policy compliance**, including by:
    - reviewing the effectiveness of systems for monitoring the Agency's compliance with laws, regulations, and associated government policies with which the Agency must comply
    - determining whether management has adequately considered legal and compliance risks as part of the Agency's enterprise risk management framework, fraud control framework and planning.
- **security compliance**, including by:
    - reviewing management's approach to maintaining an effective internal security system (including complying with the Protective Security Policy Framework).
- **internal audit coverage**, including by:
    - reviewing proposed internal audit coverage, ensuring that the coverage considers the Agency's primary risks, and reviewing and providing advice to the Accountable Authority on the proposed annual Internal Audit (IA) Program
    - reviewing all IA Program reports, providing advice to the relevant 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.
- **internal audit reports,** including by:
    - reviewing the closure by management of agreed recommendations from IA Program reports to determine whether management has demonstrated sufficient verification of implementation to warrant closure.
- **external audit and reviews**, including by:
    - Reviewing external reports (Auditor-General, JCPAA and other parliamentary committees, Royal Commissions etc.), and the relevance of recommendations to the entity. Many of the external audit recommendations can have wider implications and promote better practice, and
    - reviewing the implementation of agreed recommendations from ANAO audits or JCPAA and other parliamentary committee reports directed to the entity.

The *Committee* will provide a statement to the Accountable Authority whether the Agency's system of internal control is appropriate for the Agency, with reference to any specific areas of concern or suggestions for improvement.

ADDITIONAL FUNCTIONS

The Accountable Authority may determine additional functions to be undertaken by the *Committee*.

The Accountable Authority has determined the additional functions of the *Committee* set out below:

- **business continuity and disaster recovery**, including by:
    - satisfying itself 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
- **ethical and lawful conduct**, including by:
    - assessing whether the accountable authority 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
- **portfolio responsibilities,** including by:
    - for audit committees of portfolio departments – satisfying itself that appropriate mechanisms exist for the portfolio Secretary to be informed of all significant issues within the portfolio
- **parliamentary committee reports, external reviews, evaluations and other external scrutiny**, including by:
    - satisfying itself that the Agency has appropriate mechanisms for considering relevant parliamentary committee reports, external reviews and evaluations and monitoring implementation of agreed recommendations.

Membership

The *Committee* will consist of at least three (3) independent members. Independence will be assessed by the Accountable Authority having regard to subsection 17(3) of the PGPA Rule, Resource Management Guide 202 and any actual, potential or perceived conflicts of interest that could reasonably affect, or be seen to affect, a member's ability to provide independent advice. Independence will be confirmed prior to appointment and reviewed periodically during a member's term.

Collectively, members will have suitable skills and experience relevant to the operations of the Agency. At least one member will have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment, and another will have experience in regulatory settings.

Members are appointed by the Chief Executive Officer (CEO) for a term determined by the CEO. The CEO appoints one member as Chair. The Chair may appoint a Deputy Chair from among the independent members.

A member may resign at any time by giving written notice to the CEO and the Chief Operating Officer. The resignation will take effect when the notice is received by the CEO, or later if stated in the notice.

Employees of the Agency are not considered independent and cannot be appointed as members of the *Committee*. Officials from the Agency or other APS agencies may attend as advisers or observers where appropriate, but do not form part of the Committee membership.

Members must disclose any actual, potential or perceived conflict of interest on appointments, annually thereafter, and whenever a new conflict arises. The Chair will determine any management action required, including whether a member should be absent from discussion or decision-making on matters. Significant conflicts may be referred to the Accountable Authority for determination.

Members of the *Committee* must operate in the best interests of the entity and understand and observe the legal requirements of the *PGPA Act* and *PGPA Rule* and any official guidance relevant to performing their functions.

Conduct of the Committee

The *Committee* is responsible to the Accountable Authority for the performance of its functions.

It has no executive powers in relation to the operations of the agency. The *Committee* may only review the appropriateness of aspects of agency operations, consistent with its functions and advise the Accountable Authority accordingly.

To support the Agency to achieve better business outcomes, the *Committee* will engage with management in a timely, constructive and professional manner while maintaining its independence and advisory role.

The Agency's Internal Audit function will assist the *Committee* to discharge its responsibilities by providing access to internal audit reports, assurance plans, management responses and implementation updates.

The *Committee* may request attendance or reporting from management at meetings, within the scope of its functions.

Reporting

The Chair will report to the Accountable Authority after each meeting.

The *Committee* may report as often as necessary to the Accountable Authority and may provide relevant advice or reports to Agency governance committees where appropriate. The *Committee* may report to the Accountable Authority at any time on any matter it considers sufficiently important.

The *Committee* will report annually to the Accountable Authority. The annual report will summarise the *Committee's* operations and activities and provide the Committee's view on whether the functions outlined in this Charter have been addressed.

Consultation

The *Committee* will develop and maintain open and constructive relationships with the Accountable Authority, senior management, the Internal Audit function, the Australian National Audit Office and the *Committee* secretariat. The *Committee* will support a strategic approach to advising on the appropriateness of the Agency's accountability and control frameworks.

Administrative arrangements

MEETINGS

The *Committee* will meet at least four times a year. One or more special meetings may be held to review annual financial statements and performance statements or to meet other specific responsibilities.

The Chair will call a meeting if asked to do so by the Accountable Authority. The Chair will decide whether a meeting is required if requested by another member, Internal Audit or the ANAO.

QUORUM

A quorum is at least two (2) members. Where the Chair is unavailable, the Deputy Chair or an appointed acting Chair must be present to form a quorum. The quorum must always be in place during the meeting.

ATTENDANCE

The Accountable Authority, Chief Operating Officer, Chief Financial Officer, General Counsel, Chief Risk Officer, Chief Internal Auditor, Chief Information Officer and Senior Executive Officers, or their equivalents, may attend meetings as observers or advisers, as determined by the *Committee* or Chair.

Representatives of the ANAO may attend as observers.

PLANNING

The *Committee* will contribute to, and approve, an annual work plan and meeting schedule that covers all functions outlined in this *Charter*. The work plan should be aligned to key financial reporting, performance reporting, risk, internal control, internal audit and external scrutiny cycles.

ASSESSING PERFORMANCE

The *Committee's*, sub-committees' and members' performance will be reviewed at least every two years. The review, conducted on a self-assessment basis, will seek input from *Committee* members, advisers and observers, senior management and any other relevant stakeholders.

REVIEW OF THE CHARTER

At least once a year, the *Committee* will review this Charter. Any substantive changes will be recommended by the *Committee* and formally approved by the Accountable Authority. The Accountable Authority may also amend the Charter at any time where required to meet legislative obligations or entity needs.

SECRETARIAT

The Agency will provide secretariat services to the *Committee* as determined by the CEO. The secretariat will ensure the agenda for each meeting is approved by the Chair; the agenda and supporting papers are circulated, where possible, at least one week before the meeting; and minutes are prepared, cleared by the Chair, maintained as official records and provided to members in a timely manner.

Following each ARC meeting, the secretariat will prepare a summary of key matters discussed, decisions or actions arising, and any advice to be provided to the CEO. The Chair will review and settle the summary before it is provided to the CEO.

SIGNED

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John Bradley, Chief Executive Officer, National Environment Protection Agency

Date:

Version History		
Date	**Status**	**Action**

15 July 2026	Version 1	Draft