



Australian Government

**Australian Pesticides and
Veterinary Medicines Authority**



Audit and Risk Committee Charter

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Contents

Establishment	1
Legislative functions of audit committees	1
Functions	1
Financial reporting	1
Performance reporting	2
System of risk oversight and management	2
System of internal control	3
Engagement with the auditors	4
Membership	4
Authority	5
Reporting	5
Meetings	6
Secretariat	6
Review of functions	6

Establishment

1. The APVMA Board, as the Accountable Authority of the Australian Pesticides and Veterinary Medicines Authority (APVMA), has established the Audit and Risk Committee (the Committee) in accordance with section 27J of the *Agricultural and Veterinary Chemicals (Administration) Act 1992* and in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Legislative functions of audit committees

2. The PGPA Act requires that accountable authorities of Commonwealth entities ensure that their entity has an audit committee (subsection 45(1)) and that committee is constituted and performs functions in accordance with any requirements prescribed by the associated rules (subsection 45(2)). Under the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), the accountable authority of a Commonwealth entity must determine the functions of the entity's audit committee by written charter (the charter) (subsection 17(1)). These functions must include reviewing the appropriateness of the accountable authority's:
 - financial reporting
 - performance reporting
 - system of risk oversight and management
 - system of internal control, for the entity (subsection 17(2)).

Functions

Financial reporting

3. The PGPA Rule requires that the Committee review the appropriateness of financial reporting for the APVMA. This entails the Committee reviewing compliance with the mandatory requirements of the PGPA Act, the PGPA Rule, the Accounting Standards and considering advice given in supporting guidance.
4. The Committee is to review and provide advice to the Board on the appropriateness of the:
 - a) annual financial statements, including by assessing:
 - the APVMA's compliance with accounting standards, including an assessment of the appropriateness of accounting policies and disclosures
 - any significant changes to accounting policies and practices
 - areas of significant judgement or estimation
 - significant or unusual transactions
 - contingencies of a material nature
 - the judgments of the Australian National Audit Office (ANAO) about the adequacy of the APVMA's accounting policies and the quality of processes for the preparation of the annual financial statements
 - whether appropriate management action has been taken in response to any issues raised by the ANAO, including financial statement adjustments or revised disclosures

- b) processes and systems for preparing financial reporting information
- c) financial record keeping
- d) processes in place to allow the APVMA to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting
- e) processes in place to ensure that financial information included elsewhere in the APVMA's Annual Report is consistent with the signed annual financial statements.

Performance reporting

- 5. The PGPA Rule requires that the Committee review the appropriateness of performance reporting for the APVMA. This entails the Committee reviewing the mandatory requirements of the PGPA Act, the PGPA Rule, and the Commonwealth performance framework and considering advice given in supporting guidance.
- 6. The Committee is to review and provide advice to the Board on the appropriateness of the:
 - a) systems and procedures for assessing, monitoring and reporting on achievement of the APVMA's performance. In particular, the Committee will satisfy itself that:
 - the APVMA's approach to measuring its performance against the performance measures included in its Corporate Plan and Portfolio Budget Statements is appropriate and in accordance with the Commonwealth Performance Framework
 - the APVMA has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report
 - b) the annual performance statement.
- 7. The APVMA will publicly report on its exposure to climate risks and opportunities, as well as its actions to manage them, in accordance with the *Commonwealth Climate Disclosure Policy* and *APS Net Zero Emissions Reporting Framework*. The Committee is to review and provide advice to the Board on the appropriateness of the:
 - a) systems and procedures which enable the preparation of such reporting by the APVMA; and
 - b) the climate disclosure reporting by the APVMA, including that it is in accordance with the requirements of the *Commonwealth Climate Disclosure Policy* and *APS Net Zero Emissions Reporting Framework*.

System of risk oversight and management

- 8. The PGPA Rule requires that the Committee review the appropriateness of the system of risk oversight and management for the APVMA. This entails the Committee gaining a sufficient understanding of the APVMA's risk appetite and tolerance, operating environment and reviewing the application of the mandatory requirements of the PGPA Act, the PGPA Rule, alignment with the non-mandatory Commonwealth Risk Management Policy and considering advice in supporting guidance.
- 9. The Committee is to review and provide advice to the Board on the appropriateness of the:
 - a) enterprise risk management framework and the necessary internal controls for the effective identification and management of the entity's risks, ensuring alignment with the Commonwealth Risk Management Policy

- b) approach to managing the APVMA's strategic risks – the Board will assign specific strategic risks to the Committee on an annual basis for it to oversee on behalf of the Board (with all other strategic risks to be the oversight responsibility of the Board)
- c) the APVMA's risk management capability, including whether key roles, responsibilities and authorities relating to risk management are clearly articulated and adhered to.

System of internal control

10. The PGPA Rule requires that the Committee review the appropriateness of the system of internal control for the APVMA. This entails the Committee gaining a sufficient understanding of the APVMA's operating context, governance requirements, and reviewing the mandatory requirements of the PGPA Act, the PGPA Rule and considering advice in supporting guidance.
11. The Committee is to review and provide advice to the Board on the appropriateness of the:
 - a) Internal control framework:
 - reviewing the APVMA'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 APVMA has in operation relevant policies and procedures for internal control – (e.g. accountable authority instructions, delegations/authorisations, business continuity management plan, bullying and harassment policies).
 - b) Legislative and policy compliance:
 - reviewing the effectiveness of systems for monitoring the APVMA's compliance with laws, regulations and associated government policies with which the APVMA must comply
 - determining whether the APVMA has adequately considered legal and compliance risks as part of its enterprise risk management framework, fraud and corruption control framework and planning.
 - c) Security:
 - reviewing the APVMA's approach to maintaining an effective security framework (including ICT security policy) and satisfying itself the APVMA has appropriate alignment with the Commonwealth Protective Security Policy Framework.
 - d) Business continuity:
 - reviewing the APVMA's approach to business continuity planning arrangements—including whether business continuity and disaster recovery plans have been periodically updated and tested.
 - e) Integrity:
 - reviewing whether the APVMA 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.
 - reviewing whether the APVMA's fraud and corruption control arrangements consistent with the Commonwealth Fraud and Corruption Control Framework, and satisfying itself that the APVMA has adequate processes for detecting, capturing and effectively responding to fraud and corruption risks.

f) Parliamentary committee reports, external reviews and evaluations:

- reviewing whether the APVMA has taken steps to establish mechanisms for considering relevant parliamentary committee reports, external audits, reviews and evaluations of the APVMA and implementing, where appropriate, any resultant recommendations.

g) Internal audit:

- reviewing the Internal Audit Charter and recommending amendments for approval by the Board
- setting priorities for and reviewing the proposed internal audit annual work plan, ensuring that it takes into account the APVMA's primary risks, and recommending approval of it by the Board
- reviewing all internal audit reports, providing advice to the Board on major concerns identified in those reports, and recommending action on significant matters raised – including identification and dissemination of information on good practice
- monitoring the timely implementation by APVMA management of agreed recommendations arising from internal audit reports
- reviewing and providing advice to the Board on the performance and resourcing of the internal audit function.

Engagement with the auditors

12. The Committee will engage regularly with the ANAO, as the APVMA's external auditor, in relation to the ANAO's financial statement and performance audit coverage. The Committee will meet privately with the ANAO at least once per year.
13. The Committee will engage regularly with the Internal Auditor in relation to the performance of their function. The Committee will meet privately with the Internal Auditor at least once per year.

Membership

14. The Audit and Risk Committee comprises the following members, who will be appointed by the Board:
 - a) at least one member of the Board
 - b) at least 3 external persons.
15. Members will be appointed for periods up to a maximum of 6 years as specified by the Board. They will be people who have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions. The Board Chair, Chief Executive Officer and any person who is an employee of the APVMA may not be appointed to the membership of the Committee.
16. The Chair of the Committee will be one of the members and will be appointed by the Board. An Acting Chair may be appointed by the Board Chair to cover times of absence.
17. Membership of the Committee will be reviewed periodically (but at least every 3 years) by the Board with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.

18. Members who are also a member of the Board will receive remuneration as determined by the Remuneration Tribunal. Members who are external persons will receive remuneration as determined by the Board. All other terms and conditions of appointment are as determined by the Board.
19. The Committee will adopt and maintain a program of induction, training and awareness-raising for its members, with the objective of enabling the Committee to keep abreast of contemporary developments and leading practices in relation to its functions.
20. The members of the Committee (other than Board members) are not officials for the purposes of the PGPA Act.

Authority

21. The Committee is directly accountable to the Board for the performance of its functions. The Committee has no executive powers in relation to the operations of the APVMA. The Committee may only review the appropriateness of particular aspects of those operations, consistent with its functions, and advise the Board accordingly.
22. Responsibility for the appropriateness of the APVMA's financial reporting, performance reporting, system of risk oversight and management, and system of internal control rests with the Board and officials of the APVMA.
23. The Board authorises the Committee, in performing its functions, to:
 - a) obtain any information it requires from any official or external party (subject to any legal obligation to protect information)
 - b) discuss any matters with the ANAO, Internal Auditor or other external parties (subject to confidentiality considerations)
 - c) request the attendance of any APVMA official at Committee meetings
 - d) obtain legal or other professional advice at the APVMA's expense (subject to the approval of an appropriate delegate), as considered necessary to meet its responsibilities.
24. The Board directs officials of the APVMA to cooperate with the Committee.

Reporting

25. The Committee will regularly update the Board on its activities and make recommendations, as appropriate.
26. The Chair will report to the Board following a meeting of the Committee on any matters that the Committee considers should be brought to the attention of the Board.
27. The Committee will at least once annually confirm to the Board that all its functions and obligations, as outlined in this charter, have been carried out. It will also comply with any other reporting requirements specified by the Board from time to time.
28. During the year, to meet its obligations under the PGPA Act and this charter, the Committee will provide written advice to the Board on its view of the appropriateness of:
 - a) the annual financial statements and financial reporting

- b) the annual performance statements and performance reporting
- c) the systems for risk oversight and management
- d) the systems for internal control.

Meetings

- 29. The Committee will meet 4 times per year. With the consent of the Board Chair, the Committee may hold additional special meetings when considered necessary.
- 30. All Committee members are required to attend each meeting, in person or via tele-or-video conference. A Committee member must request the Board Chair grant leave of absence if they are unable to attend a meeting of the Committee.
- 31. A quorum for any Committee meeting will be at least 50% of current members of the Committee, one of whom must be the Chair (or Acting Chair).
- 32. Board members who are not members of the Committee have a standing invitation to attend all meetings. Such Board members may contribute to Committee discussions as appropriate.
- 33. A representative(s) of the ANAO will be invited to attend meetings of the Committee, as an observer. The Chair may invite other attendees as advisers or observers.
- 34. From time to time the Board will determine the priorities and key deliverables for the Committee. With reference to these directions from the Board, the Committee will adopt a work plan at the beginning of the reporting period, which details the actions to be taken to perform the Committee's functions and provide advice to the Board.
- 35. A member who has a material personal interest that relates to the affairs of the APVMA must disclose details of the interest to the Committee. In general, a member will disclose an interest in a manner consistent with the provisions of the PGPA Rule and will adhere to all protocols established by the Board for the disclosure and management of material personal interests. Observers who have an interest in a matter before a Committee meeting should declare the interest and absent themselves from the meeting while the matter is being considered.

Secretariat

- 36. The Board Secretariat will provide secretariat support services to the Committee.

Review of functions

- 37. The Chair will initiate a review of the performance of the Committee at least once every 2 years. The outcomes will be reported to the Board.
- 38. The Committee will review the charter annually and recommend amendments to the Board. Any amendments to the charter must be approved by the Board.