

Finance, Audit and Risk Management Committee

Charter

September 2025

1. Introduction

1.1 The Board established the Finance, Audit and Risk Management Committee (the Committee) in accordance with section 118 of the *Food Standards Australia New Zealand Act 1991* (FSANZ Act), 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) (Audit Committee for Commonwealth entities).

1.2 This Charter sets out the Committee's role, authority, composition, responsibilities, functions, reporting and administrative arrangements.

2. Role

2.1 The role of the Committee is to provide independent advice to the Board of Food Standards Australia New Zealand (FSANZ) and agency management on the appropriateness of FSANZ's:

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

2.2 The Committee is not responsible for the executive management of these functions. The Committee will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to the FSANZ Board.

3. Authority

3.1. The Board authorises the Committee, within its responsibilities, to:

- a. obtain any information it requires from any employee or external party (subject to any legal obligation to protect information)
- b. discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- c. request the attendance of any official, including the CEO and Board members, at Committee meetings
- d. obtain legal or other professional advice, as considered necessary to meet its responsibilities, at FSANZ's expense, subject to approval by the CEO, or delegate.

4. Membership

4.1 The Committee comprises at least 3 members appointed by the Board. No member will be an official of FSANZ, and a majority of members are to be persons who are not officials of any Commonwealth entity.

4.2 The Board will appoint the Chair of the Committee.

4.3 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of FSANZ. At least one member of the Committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

4.4 Members will be appointed for an initial period not exceeding 2 years after which they will be eligible for extension or re-appointment by the Board for further periods as determined by the Board. Committee member terms will not exceed their Board term.

4.5 The Board Chair and CEO are observers at FARMC. Other people may attend meetings as determined by the Committee Chair, as observers, including but not limited to:

- Board members
- General Managers
- Chief Financial Officer (CFO)
- Representatives of both internal and external audit.

4.6 Representatives from the Australian National Audit Office (ANAO) will be invited to attend all meetings of the Committee as observers.

5. Responsibilities of Committee Members

5.1 Members of the Committee are expected to understand and observe the legal requirements of the PGPA Act and Rule. Members are also expected to:

- a. act in the best interests of FSANZ
- b. apply sound analytical skills, objectivity and good judgement
- c. express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
- d. contribute the time needed to review the papers provided and meet their responsibilities
- e. not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by the Board Chair and CEO.

6. Functions

6.1 Section 17(2) of the PGPA Rule establishes mandatory functions for audit committees. The functions must include reviewing the appropriateness of the agency's:

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

6.2 A detailed list of functions and responsibilities is at Annexure 1.

7. Reporting

7.1 The Committee will report to the Board on its operation and activities at each Board meeting. Reports will include information on how the Committee is assuring the appropriateness of the agency's:

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

7.2 The Chair of the Committee will summarise the outcomes of each meeting in a brief to the Chair of the Board and CEO and may, at any time, report to the Board Chair and CEO any other matter they deem of sufficient importance.

8. Administrative arrangements

Meetings

8.1 The Committee will meet at least 4 times per year. Additional meetings may be held where timing of activities requiring FARMC oversight does not align with scheduled meetings (e.g. to review FSANZ's annual Financial Statements and Annual Performance Statement).

8.2 The Chair is required to call a meeting if asked to do so by the Board Chair and CEO, and decide if a meeting is required if requested by another Committee member.

Planning

8.3 The Committee will develop a forward work plan that includes the dates, location and proposed agenda items for each meeting for the forthcoming year.

Attendance at meetings and quorums

8.4 A quorum will consist of a majority of Committee members.

Engagement across FSANZ

8.5 The Committee will engage with FSANZ's senior managers and other key stakeholders in order to fulfil its functions.

Secretariat

8.6 The Committee is supported by a Secretariat. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated at least 5 working days before the meeting, and minutes of the meeting are prepared and maintained. Minutes must be reviewed by the Chair after the meeting and distributed within 10 business days to each Committee member and observers, as appropriate.

Conflicts of interest

8.7 A member who has a material personal interest that relates to the affairs of FSANZ must disclose details of interests to the Committee 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.

8.8 At the beginning of each 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 and action taken will be appropriately recorded in the minutes.

8.9 All Committee members are to provide written declarations to the Chair of the Committee and the Chair of the Board declaring any material personal interests they may have in relation to their responsibilities in accordance with the FSANZ Conflicts of Management Policy and the requirements under the PGPA Act.

Induction

8.10 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Assessment arrangements

8.11 The Chair of the Committee, in consultation with the Chair of the Board, will initiate a review of the performance of the Committee at least once every 2 years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Board Chair and CEO), with appropriate input sought from the Board Chair, Committee

members, senior management, the internal and external auditors, the Chief Financial Officer, and any other relevant stakeholders, as required.

8.12 The Chair will provide advice to the Board Chair and CEO on an external member's performance where an extension of the member's tenure is being considered.

Remuneration

8.13 The remuneration paid to Committee members is determined by the Remuneration Tribunal in accordance with the *Remuneration Tribunal Act 1973* and section 119 of the FSANZ Act.

Review of Charter

8.14 The Committee will review this Charter at least once in a two-year period. Any substantive changes to the Charter will be recommended by the Committee and formally approved by the Board.

1. Financial Reporting

The *PGPA Rule 2014* requires the Committee review and provide advice on the appropriateness of the appropriateness of FSANZ's:

- annual financial statements
- information (other than financial statements) requested by 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; and
- processes in place to allow the entity to stay informed throughout the year of any changes or additional requirements in relation to the financial reporting;

The audit committee provide a statement to the accountable authority:

- whether the annual financial statements, in the committee's view, comply with the PGPA Act, 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 supporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance; and
- in respect of the appropriateness of the entity's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

2. Performance Reporting

The audit committee is required to review and provide advice on the appropriateness of the accountable authority's:

- I. systems and procedures for assessing, monitoring and reporting on achievement of the entity's performance. In particular, the committee could satisfy itself that:
 - the entity's Portfolio Budget Statements and corporate plan contain appropriate details of how the entity's performance will be measured and assessed;
 - the entity's approach to measuring its 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 reviewing, over time, particular elements of the performance measures; and

- the entity has appropriate systems and processes for preparation of its annual performance statement and inclusion of the statement in its annual report.
- II. The audit committee review the annual performance statements and provide advice to the accountable authority on their appropriateness to the entity.
- III. The audit committee provide a statement to the accountable authority whether, in their view, the accountable authority's annual performance statements and performance reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

3. System of risk oversight and management

The PGPA Rule requires that the audit committee review the appropriateness of the accountable authority's system of risk oversight and management for the entity.

The audit committee 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 entity's risks, in keeping with the Commonwealth Risk Management Policy (for NCEs);
- approach to managing the entity's key risks—including those associated with individual projects and program implementation and activities;
- process for developing and implementing the entity's fraud control arrangements consistent with the fraud control framework, and satisfy itself that the entity has adequate processes for detecting, capturing and effectively responding to fraud risks; and
- articulation of key roles and responsibilities relating to risk management and adherence to them by officials of the entity.

The audit committee provide a statement to the accountable authority whether in their view, the accountable authority's system of risk oversight and management as a whole is appropriate (with reference to the Commonwealth Risk Management Policy for NCEs) and any specific areas of concern or suggestions for improvement.

4. System of Internal Control

The PGPA Rule requires that the audit committee review the appropriateness of the accountable authority's system of internal control for the entity.

Accountable authorities might wish to consider the following examples of requirements in their audit committee charter. Each accountable authority will need to consider the

purposes and unique operating context of the entity to determine the appropriate focus for the audit committee in relation to the entity's financial and non-financial internal controls.

The audit committee review and provide advice on the appropriateness of the accountable authority'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; and
- reviewing whether management has in operation relevant policies and procedures—such as accountable authority instructions, delegations, a business continuity management plan, or bullying and harassment policies.

Legislative and policy compliance

- reviewing the effectiveness of systems for monitoring the entity's compliance with laws, regulations and associated government policies with which the entity must comply; and
- determining whether management has adequately considered legal and compliance risks as part of the entity's enterprise risk management framework, fraud control framework and planning.

Security compliance

- reviewing management's approach to maintaining an effective internal security system (including complying with the Protective Security Policy Framework).

Internal audit coverage

- reviewing the proposed internal audit coverage, ensuring that the coverage takes into account the entity's primary risks, and recommending approval of the internal audit work plan by the accountable authority or the nominated delegate,
- 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.

The audit committee provide a statement to the accountable authority whether the accountable authority's system of internal control is appropriate for the entity, with reference to any specific areas of concern or suggestions for improvement.