

Audit and Risk Committee Charter

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1. Introduction

The Ombudsman, as the Responsible body, established the Audit and Risk Committee (the Committee) in accordance with the Direction 3.2.1.1 of the [Standing Directions 2018 under the Financial Management Act 1994](#) (Standing Directions).

This Charter sets out the Committee's purpose, authority, accountability, responsibilities, structure, composition and administrative arrangements.

2. Purpose

The purpose of the Committee is to provide independent assurance and advice to the Ombudsman on the effectiveness of the Victorian Ombudsman's internal control, risk management and compliance frameworks, and its financial statement responsibilities.

Assurance and advice assist the Ombudsman in fulfilling their responsibilities prescribed by the:

- [Financial Management Act 1994 \(Vic\)](#) (FMA)
- [Financial Management Regulations 2014 \(Vic\)](#)
- [Standing Directions](#) and [Instructions supporting the Standing Directions under the FMA](#) (Instructions)
- [Financial Reporting Directions](#)
- [Resource Management Framework \(RMF\)](#)
- [Victorian Government Risk Management Framework \(VGRMF\)](#)
- [Asset Management Accountability Framework \(AMAF\)](#)
- Other relevant legislation, regulation and prescribed requirements.

Although not mandatory, additional responsibilities are outlined in the [Guidance supporting the Standing Directions under the FMA](#) (Standing Directions Guidance).

The Committee does not replace or replicate the:

- Management responsibilities and delegations
- Responsibilities of other executive management groups within VO, or
- Reporting accountabilities of either internal audit or external audit functions.

3. Authority

The Committee has no executive powers, except those expressly provided by the Standing Directions or delegated to it by the Ombudsman through this Charter.

The Ombudsman authorises the Committee, within the scope of its responsibilities, to:

- Perform activities within the scope of this Charter
- Seek explanations and additional information from any VO Officer and obtain any information it needs relevant to its responsibilities, subject to any legal obligation to protect information
- Have access to the Accountable Officer (Victorian Ombudsman), Chief Finance Officer (CFO), internal auditors, and external auditors in carrying out the Committee's

responsibilities.

- Request the attendance of any VO Officer, including the Ombudsman, at Committee meetings, and
- Obtain legal or other professional advice, as considered necessary to meet its responsibilities.

The Committee's decision making in relation to all matters will operate by way of simple majority. Where there is material dissent to a decision, a minority view may be forwarded to the Ombudsman for decision.

4. Accountability

The Committee must:

- Report to the Ombudsman, as detailed below
- Exercise independent judgement and be objective in its deliberations, decisions and advice
- Conduct an annual self-assessment of its performance and report this assessment to the Ombudsman
- Have its performance and membership formally reviewed by the Ombudsman at least every three years, or at the discretion of the Ombudsman on a periodic basis.

4.1 Reporting to the Responsible Body

The Committee will report to the Ombudsman on its operations and activities at least annually, or as required. The report may be a verbal report and should include:

- A summary of the work the Committee performed to discharge its responsibilities during the year
- A summary of VO's progress in addressing findings and recommendations made in internal and external audit and parliamentary committee reports
- An overall assessment of VO's:
 - Risk and Control Framework
 - Financial Reporting arrangements
 - Performance measurement and report arrangements
 - Legislative compliance, and
 - Emerging Risks
- A summary of key issues the committee dealt with during the year, including a summary of outstanding audit recommendations, any significant risk incidents and any breaches of legislation by the VO, and
- Details of committee meetings, including the number of meetings held during the relevant period, and the number of meetings each attended.

The Committee may, at any time, report to the Ombudsman on any other matters it deems of sufficient importance. In addition, an individual Committee member may request a meeting with the Ombudsman, at any point in time.

5. Responsibilities

The Committee oversees and reviews the VO's financial management and reporting, internal and external audit functions, risk and compliance management and Ombudsman accountabilities.

Refer to **Appendix A** for specific responsibilities related to these functions.

6. Structure and Composition

6.1 Membership

The Committee must be constituted of:

- i. At least four (4) independent members with appropriate skills and experience to discharge the Committee's responsibilities, with at least one member having relevant qualifications and expertise in financial accounting or auditing
- ii. One (1) Ex-Officio member, being the Ombudsman
- iii. An independent member appointed as Chair

6.2 Expertise

All members of the Committee should have relevant experience with independent audit and risk committees or governance boards, and will possess:

- i. Basic financial literacy, including the ability to understand basic financial statements and ask relevant questions about them, interpret and evaluate responses
- ii. A high-level understanding of best practice internal controls, risk management, corporate governance and compliance management
- iii. An understanding of audit committee functions
- iv. A knowledge of the Victorian Public Sector including an understanding of the overarching Victorian Integrity System, the Victorian Ombudsman and its products, services, risk and controls.
- v. At least one member with accounting or financial management qualifications and experience with comprehensive experience of auditing standards in the Victorian Public Sector.
 - i. A combination of experience in financial and legal compliance and the audit process.
 - ii. At least one member with experience in investigative and regulatory environments.

Refer to **Appendix B** for a skills matrix of requisite experience that committee members must encompass.

6.3 Appointment (Members and Chair)

Members are appointed to the Committee by the Ombudsman for a term of one to three (1-3) years. The Chair is also appointed by the Ombudsman. Members are not permitted to exceed their tenure beyond six (6) years.

To ensure business continuity, a members' term will be staggered. Where required, a members' term may be extended for a period of up to 12 months to enable appropriate succession planning.

Appointments of all Committee members, and the Chair, are made in alignment with the Victorian Department of Premier and Cabinet's [Appointment and Remuneration Guidelines](#) and [The Diversity on Victorian Government Boards Guidelines](#)

Committee membership will be formally reviewed by the Victorian Ombudsman at least once every three (3) years.

6.4 Role of the Chair

The Chair is responsible for:

- i. Reviewing the Chair's Running sheet prior to each meeting
- ii. Leading meetings effectively and efficiently and keeping meetings to time
- iii. Reviewing draft meeting minutes prior to circulation to other Committee members
- iv. Reviewing the annual work plan
- v. Reporting annually to the Ombudsman on Committee operation, activities and performance (the report may be in writing or verbally by way of a meeting).

6.5 Induction

Newly appointed members to the Committee will receive an induction from the VO that is relevant to their responsibilities, including: information on the VO's risk, governance and compliance frameworks and relevant plans and policies; introductions to key stakeholders and reporting relationships with management and the auditors.

6.6 Review of Committee Charter

The Committee reviews its Charter at least once every three years, or earlier as required. The Charter is approved by the Ombudsman.

7. Structure and Composition

7.1 Requirements of Committee members

All members of the Audit and Risk Committee are required to comply with certain requirements including a Code of Conduct outlined in the [VPSC Committee Members' Code of Conduct for Special Bodies](#) (published in 2015).

Committee members must also submit a Declaration of Private Interests (DOPI) to identify potential conflicts of interest, typically upon appointment, and then on an annual basis.

7.2 Code of Conduct

All committee members must uphold a high level of integrity, objectivity, accountability, ethics, honesty and openness, consistent with the Code of conduct for VPS Special bodies.

7.3 Declaration of Conflicts of Interest and Private Interests

Members are required to declare their financial and non-financial interests to the VO on their appointment. Declarations must be made in writing and updated annually, or on re-

appointment, and when there are material changes to their interests.

Further, there will be a standing agenda item in each meeting that seeks full disclosure from members of perceived potential and actual conflicts of interest that may apply to specific items on the agenda, or broader Committee responsibilities, and must be recorded in the minutes at each meeting.

Where a member declares a conflict of interest at a meeting and that item is deemed material, the member must remove themselves from the meeting for the duration of that item.

The Ombudsman may evaluate and decide on the appropriateness of Committee member conflict of interest management strategies.

7.4 Confidentiality

As part of the recruitment and appointment process, new Committee members are required to complete a National Police Check and undertake probity checks.

Probity checks must be undertaken for all appointments, including reappointments, co-opted members, and proxies appointed by Government. The mandatory completion of a statutory declaration by a candidate attesting to their integrity does not provide sufficient assurance of an appointee's integrity or their capacity to manage business affairs.

Committee members are required to undertake an Oath or Affirmation in accordance with section 10 (2) of the [Ombudsman Act 1973](#)

The following sections of the Ombudsman Act also apply to Committee members:

Part VA—Confidentiality Division 1—Confidentiality requirements for Ombudsman officers' section 26A: Unauthorized Disclosure section 26B: Taking advantage of information.

7.5 Privacy

Committee members are required to comply with the [Privacy and Data Protection Act 2014 \(Vic\)](#).

7.6 VO Policies

Committee members are required to abide by relevant VO policies.

7.7 Resignation

A committee member who resigns from the Committee must advise the Ombudsman and Chair in writing and must provide three (3) months' notice to enable the recruitment of a suitable replacement and allow for a smooth transition and handover.

8. Remuneration

8.1 Member fees

Members are remunerated in accordance with Schedule of fees based on the [Victorian Government's Appointment and Remuneration guidelines](#), (Schedule B - Band 1 Daily Fee is applicable to VO).

- i. Where a member does not attend a meeting, they are not entitled to be paid an attendance fee for that meeting. Additional fees are not paid for preparation or travel time as this is embedded within meeting fees.
- ii. Ex-Officio members and any employees within the Victorian Public Sector employees are not eligible for fees.
- iii. Where committee members choose to opt out of receiving payment of fees and attend meetings pro-rata, they must advise the VO and Secretariat in writing.
- iv. Following a meeting, members are required to submit an invoice to the VO Accounts Payable department for payment of their attendance. The invoice must include the Australian Business Number (ABN). Fees can only be paid to an individual and not a company.
- v. Members are required to submit their invoice via email after each meeting and allow 14 business days for payment to be processed. Invoices should be submitted to: AccountsPayable@ombudsman.vic.gov.au and cc. Secretariat@ombudsman.vic.gov.au

8.2 Chair fees

The Chair is remunerated at a higher rate due to their increased responsibilities and leadership and overseeing the Committee's work.

9. Administration

9.1 Meetings (Frequency and timing)

The Committee meets four (4) times a year. Additional meetings may be called as required. The Chair can call a Committee meeting by providing all members with seven days' written notice of the meeting including the date, time and location and the matters that will be considered.

An annual schedule of meetings for the Committees is prepared by the Secretariat and approved in advance of the new calendar year. Meetings are held in person at the VO's office with the option to join remotely. Members are expected to be sufficiently prepared prior to meetings, including reading all the documentation published in Convene for discussion.

Meetings are conducted formally, with proceedings, decisions and actions formally recorded in minutes. Minutes are endorsed by the Committee Chair and forwarded to the members, Ombudsman and standing invitees.

9.2 Workplan

A Committee Workplan, which covers all the Committee's responsibilities necessary to discharge under the Standing Directions and its Charter, is developed by the VO and endorsed by the Committee annually.

9.3 Quorum

A quorum for a Committee meeting is three (3) of its independent members. If the Chair is absent, a Deputy Chair may be nominated by the Ombudsman to be Acting Chair.

9.4 Secretariat

The VO provides Secretariat support services to the Committee. The Secretariat is responsible for:

- i. preparing and circulating the meeting agenda and associated papers to all members of the Committee, at least five (5) working days before the meeting.
- ii. recording all minutes, actions arising and decisions of the Committee
- iii. circulating drafting minutes to members no later than two (2) weeks after the meeting
- iv. ensuring that all papers, reports and information relevant to the Committee's activities are tabled in a timely manner, and
- v. maintaining all records in relation to the Committee in accordance with the [Public Records Act 1973 \(Vic\)](#).
- vi. Minutes are reviewed and approved by the Chair prior to being circulated to Committee members and tabled at the subsequent meeting for confirmation.
- vii. Is the first point of contact for members with meeting related inquiries and support.

9.5 Out-of-Session

On occasion the Committee may be required to consider matters Out-of-Session. Requests related to approval of audit scopes Out-of-Session must be actioned by the Committee within five (5) business days. In addition, the Convene review room will be used to support the annual financial statements review process.

9.6 Convene

Agendas and papers for each meeting are made available to the Committee via the Convene Board portal and are also retained in the Convene document library.

Annotations in meeting documents are retained for the duration of two (2) meetings and then removed by the Secretariat following that period.

Meeting papers will be retained in Convene for a period of 18 months and then removed by the Secretariat.

10. Document Approval

This document was approved by the Ombudsman on 29 November 2025.

11. Document Control

Version	Date	Section	Brief Description of change
0.1	30/03/2017	All	Initial draft was received with feedback from members and chair
0.2	02/06/2017	All	Final draft was reviewed by Deputy Ombudsman and sent out for final comment
1.0	29/06/2017		Approved by the Ombudsman
2.0	25/10/2018	All	Document cross referenced with SD and duplicated sections removed. Appendix 1 was updated.
3.0	02/02/2022	All	Annual review of Charter for COO approval
3.1	14/02/2022	All	Updated Charter for Executive Committee approval
3.2	02/03/2022	All	Approved by ARMC for approval by Ombudsman
3.3	15/03/2022	All	Approved by Ombudsman
4.0	02/11/2022	Section 7	Addition of section relating to Remuneration for members
4.1	21/11/2022	Section 7	Approval by Executive Committee (and Ombudsman)
	30/11/2022	Section 7	Noted by ARMC
5.0	25/01/2023	All	Updates include addition of a skills matrix and minimum attendance at meetings and addition of 2023 Forward Agenda at Appendix 1.
	13/02/2023		Approved by Executive Committee (and Ombudsman)
	22/02/2023		Noted and approved by ARMC
5.1	30/11/2023	Section 6.7	Added the text regarding nomination of a Deputy Chair. Noted and approved by the ARMC.
5.2	28/02/2024	Section 2.1	Change text from “her responsibilities” to “Ombudsman’s” responsibilities.
5.3	28/02/2024	Section 7	Add section 7.7 members are required to submit their invoice to the VO’s Accounts Payment department within 14 business days after each meeting for timely payment of meeting attendance fees.
5.4	28/02/2024	Section 9 onwards	Numbering corrected in the formatting.
5.5	28/02/2024	All sections	Updates approved by ARMC.
5.6	21/06/2024	All sections	Full review and update in line with Ombudsman’s request.
5.7	30/04/2024	Appendix	Ombudsman’s Accountabilities added.
5.8	7/10/2025	All	<p>Purpose – added references to RMF and VGRMF</p> <p>Accountability – added ‘membership’ to 3-yearly review</p> <p>Membership – added Ombudsman as Ex-Officio member</p> <p>Expertise – added ‘qualifications’ to accounting requirement</p> <p>Added role of chair</p> <p>Administration – added out-of-session and Convene board portal</p> <p>document retention sections</p> <p>Appendix A – extensive review and update of responsibilities to align with 2026 Workplan, which in turn reflects current audit committee responsibilities under the Standing Directions, VGRMF and AMAF.</p> <p>Added responsibility to approve internal audit scopes within 5 business days. Removed itemised VGRMF mandatory requirements for risk management and insurance as they are for the responsible body.</p>

Appendix A – Committee responsibilities

1. Financial management and reporting

- 1.1 Independently review and assess the effectiveness of VO's systems and controls for financial management, performance and sustainability, including risk management.
- 1.2 Review VO's annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament.
- 1.3 Review information in the report of operations on financial management, performance and sustainability before it is released to Parliament.
- 1.4 Consider the Accountable Officer's assurance on the integrity of information relevant to financial management, performance and sustainability in the Annual Report.
- 1.5 Consider the Accountable Officer's assurance on the integrity of VO's budgets and financial projections and financial and performance reports.
- 1.6 Consider the Chief Financial Officer's assurance that financial reports (estimates and actuals) present fairly, and in accordance with applicable Australian Accounting Standards and the FMA, the Agency's financial position and operating results.
- 1.7 Consider the Chief Financial Officer's assurance that financial reports (estimates and actuals) are founded on a sound system of risk management and internal compliance and control that implements the policies adopted by the Agency.
- 1.8 Receive reports from management on all cases of known, suspected or actual fraud within VO, and assess taken or proposed actions to ensure appropriate levels of control are maintained.

2. Compliance

- 2.1 Review and monitor compliance with the FMA, Standing Directions and Instructions, and advise the Responsible Body on the level of compliance attained.
- 2.2 Consider the Accountable Officer's assurance on compliance with relevant legislation, standards and government requirements for attesting in the Annual Report.
- 2.3 Verify the VO's attestation of compliance with requirements of the Standing Direction on asset management prior to finalising attestation in annual report.
- 2.4 Review and monitor remedial actions taken to address Compliance Deficiencies.
- 2.5 Review, monitor and verify compliance with Ministerial Standing Direction 3.7.1 (risk management).
- 2.6 Report to the responsible body on the level of compliance attained for SD 3.7.1 (risk management).
- 2.7 Review assessments of VO compliance with the Victorian Protective Data Security Standards (VPDSS).
- 2.8 Monitor the VO Compliance and Assurance Program.

3. Internal Audit

- 3.1 Oversee the internal audit function.
- 3.2 Review and approve the:
 - Internal Audit Charter, at least every 3 years
 - the strategic internal audit plan (SIAP), ensuring focus on fraud vulnerabilities

- annual internal audit work program, ensuring focus on fraud vulnerabilities
- internal audit scopes, within 5 business days of distribution.

- 3.3 Review and approve changes to audit selection in the SIAP and annual internal audit work program, within 5 business days of distribution.
- 3.4 Meet privately with internal auditors if necessary.
- 3.5 Consider recommendations made by internal auditors relating to the impact on financial management, performance and sustainability and the actions to be taken by VO to resolve issues raised.
- 3.6 Regularly review implementation of actions in response to internal audits, including remedial actions to mitigate future instances of non-compliance.
- 3.7 Consider the internal audit function's annual independent and objective assessment of the effectiveness and efficiency of the Agency's financial and internal control systems, reporting processes and activities in accordance with the audit work program.
- 3.8 Review the performance (effectiveness and efficiency) of internal audit.

4. External audit

- 4.1 Maintain effective communication with external auditors.
- 4.2 Understand the external audit strategy and activities.
- 4.3 Consider the external auditor's views on any issues, including accounting issues that may impact on the financial statements, financial management compliance issues and other risks impacting VO's finances.
- 4.4 Consider external audit outcomes, including financial and performance audits.
- 4.5 Provide a standing invitation to the external auditor to attend Committee meetings.
- 4.6 Meet privately with the external auditor at least annually.
- 4.7 Consider recommendations made by external auditors relating to or impacting on financial management, performance and sustainability and the actions taken by VO to resolve issues raised.
- 4.8 Regularly review implementation of actions in response to external audits, including remedial actions to mitigate future instances of non-compliance.

5. Risk Management

- 5.1 Consider VO's risk profile.
- 5.2 Consider VO's insurance arrangements.
- 5.3 Review and assess the effectiveness of VO's risk management framework.
- 5.4 Review and provide oversight of VO's risk appetite and risk culture to ensure it is consistent with the expectations of VO's Responsible Body.
- 5.5 Review VO's conflict of interest process annually.

6. Ombudsman accountability

- 6.1 At each meeting, in-camera, review the Ombudsman's expenses, offers of gifts, benefits and hospitality and their status, and newly declared conflicts of interest relating to procurement and recruitment.

Appendix B – Skills and Experience Matrix

	Gender	Experience																	Values and behavior	
	Woman [^]	Financial Literacy [†]	Public sector [†]	Internal controls	Compliance Management	Audit Committee functions [†]	Integrity systems	People and Culture	Audit Committee/ Governance Board	Risk management*	Accounting/Auditing	Corporate Governance*	Financial and Legal Compliance*	Technology audit or governance	Audit process*	Investigative/ Regulatory*	State government agency	Client welfare/complaints management	Consistent with VPS Code of Conduct for Special Bodies	Objectivity
Required	50%	✓	✓	✓	✓	✓			✓	❖	❖	❖	❖	❖	❖	❖			✓	✓
Desirable							✓	❖									❖	❖		

[^] Prescribed by Diversity on Victorian Government Board Guidelines.

[†] Prescribed by Standing Directions Guidance.

* Prescribed by Standing Directions.