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# Audit and Risk Management Committee Charter

## 1. PURPOSE AND OBJECTIVE

The Hearing Australia Board of Directors (Board) has established the Audit and Risk Management Committee (Committee) under section 33 of the *Australian Hearing Services Act 1991* (the AHS Act) in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (the Rule). The Board is the accountable authority of Hearing Australia.

Consistent with subsection 17(2) of the PGPA Rule, the objective of the Committee is to assist Hearing Australia's Board to discharge its responsibilities to ensure Hearing Australia maintains sound and robust policies and procedures with respect to financial and performance reporting, internal control systems, risk oversight, internal and external audit, and other obligations required under the AHS Act, the PGPA Act, and other relevant legislation and better practice guidelines.

The Committee is not responsible for the executive management of these functions. It will, however, engage with and oversee management's approach to the discharge of its responsibilities and provide independent advice to Hearing Australia's Board.

## 2. AUTHORITY

The Board authorises the Committee, within the scope of its functions, to:

- Obtain any information it needs from any officer and/or external party (subject to their legal obligation to protect information).
- Discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations).
- Assist in the resolution of any disagreements between management and the external auditor regarding financial reporting.
- Request the attendance of any Hearing Australia staff member at Committee meetings.
- Obtain legal or other professional advice, as considered necessary to meet its responsibilities (and, where the advice is procured externally, subject to the endorsement of the Chair of the Board and spending approval from the Managing Director, if necessary).

The Committee has no executive powers, unless delegated to it by the Board. All decisions of the Committee shall be referred to the Board for approval, other than:

- approval of the Internal Audit Charter and Internal Audit Plan;
- the appointment, replacement or dismissal of the outsourced internal audit service provider;
- Financial Delegations of Authority;
- Treasury Policy;
- Procurement Policy;
- Compliance Policy;
- Fraud and Corruption Control Plan;
- the Risk Management Policy and Framework; and
- an entity-wide assurance map;

which do not require the approval of the Board.

### **3. KEY ACTIVITIES AND DELIVERABLES**

#### **3.1 FINANCIAL REPORTING [PGPA Rule 17(2)(a)]**

The Committee is required to review Hearing Australia's financial statements for compliance with subsection 42(2) of the PGPA Act and subsection 17(2)(a) of the PGPA Rule, including whether the annual financial statements present fairly Hearing Australia's financial position, financial performance and cash flows. The Committee will provide a statement for the Board as to whether:

- the annual financial statements, in the Committee's view, comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance; and
- additional entity information (other than financial statements) required by the Department of Finance for the purpose of preparing the Australian Government consolidated financial statements (including the supplementary reporting package) comply with the PGPA Act, the PGPA Rules, the Accounting Standards and supporting guidance.

In particular, the Committee will consider:

- the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies;
- areas of significant judgement and financial statement balances that require estimation;
- significant or unusual transactions;
- sign-off by Hearing Australia management in relation to the quality of the financial statements, internal controls and compliance;
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- the auditor's judgements about the adequacy of Hearing Australia's accounting policies and the quality of Hearing Australia's processes for the preparation of the financial statements, including through discussions with the external auditor;
- whether appropriate action has been taken in response to any issues raised by the external auditor, including financial statement adjustments or revised disclosures; and
- the appropriateness of processes designed to ensure that financial information included in Hearing Australia's annual report is consistent with the signed financial statements.

The Committee will, through an annual statement to the Board, provide its view in respect of the appropriateness of the Hearing Australia's financial reporting as a whole, with reference to any specific areas of concern or suggestions for improvement.

### **3.2 PERFORMANCE REPORTING [PGPA Rule 17(2)(b)]**

The Committee's role is to ensure management is capturing, monitoring and reporting Hearing Australia's performance through relevant performance frameworks. This includes the following:

- Satisfying itself that Hearing Australia's performance reporting included in its annual Financial Report, including the annual Performance Statement, is in accordance with the PGPA Act and PGPA Rule, is derived from a reporting framework reflecting Hearing Australia's key performance indicators and is consistent with Hearing Australia's Corporate Plan.
  - The Committee will review the completeness and appropriateness of Hearing Australia's performance reporting, including compliance with the mandatory requirements of the PGPA Act, PGPA Rule and the Commonwealth performance framework and supporting guidance.
  - The Committee will provide advice to the Board, including a specific recommendation regarding whether or not the annual performance statement, included in the annual financial report, should be approved by the Chair on behalf of the Board.

Providing its view, through an annual statement to the Board, in relation to the appropriateness of the Hearing Australia's annual performance statements, and its performance reporting as a whole, including compliance with the PGPA Act and Rule, referring to any specific areas of concern or suggestions for improvement.

### **3.3 SYSTEM OF RISK OVERSIGHT AND MANAGEMENT [PGPA RULE 17(2)(C)]**

The Committee assists Hearing Australia's Board to comply with its responsibility for oversight of Hearing Australia's risk management framework. To support this, the Committee will:

- assess annually whether management has in place a current and comprehensive risk management policy and framework, and associated procedures and insurance arrangements, to operate in alignment with Hearing Australia's Risk Appetite Statement and effectively identify and manage Hearing Australia's financial and business risks, including consideration of fraud. This includes the making of recommendations to the Board with respect to the appropriate risk appetite for Hearing Australia.
- review whether a sound and effective approach has been taken in developing strategic risk management plans for major initiatives or undertakings.
- review whether a sound and effective approach has been followed in establishing and maintaining Hearing Australia's business continuity planning arrangements, including whether disaster recovery plans have been periodically updated and tested.
- review management's annual attestation to the Committee with respect to the soundness of Hearing Australia's risk and compliance framework.
- review Hearing Australia's fraud control plan and satisfy itself that Hearing Australia has appropriate systems and processes in place to detect, capture and effectively respond to fraud.

The Committee must provide its view to the Board annually in relation to the appropriateness of Hearing Australia's system of risk oversight and management, including any specific areas of concern or suggestions for improvement.

### **3.4 SYSTEM OF INTERNAL CONTROL [PGPA Rule 17(2)(d)]**

The Committee's role is to ensure that Hearing Australia's internal control systems are robust and fit for purpose. This includes:

- reviewing the adequacy of management's approach to maintaining effective internal control systems;
- reviewing whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated;
- determining, at least once a year, whether appropriate processes are in place to assess whether policies and procedures are complied with;
- considering how management identifies any required changes to the design or implementation of internal controls;
- reviewing whether appropriate policies and procedures are in place for the management and exercise of delegations;
- reviewing the effectiveness of the system for monitoring Hearing Australia's compliance with relevant laws, regulations and associated government policies; and

- reviewing whether management has taken steps to embed a culture that promotes the proper use and management of public resources.

The Committee must provide an annual statement to the Board as to whether Hearing Australia's system of internal control is appropriate, with reference to any specific areas of concern or suggestions for improvement.

#### **4. ADDITIONAL RESPONSIBILITIES**

The Board requires the Committee to undertake the following additional functions beyond those prescribed by the PGPA Rule.

##### **4.1 INTERNAL AUDIT**

The Committee's role is to ensure that internal audit is used by Hearing Australia in a way which maximises the benefit of this independent assurance service. This includes:

- acting as a forum for communication between the Board, Senior Management and internal and external audit;
- reviewing and approving the internal audit coverage and annual work plan, ensuring that the plan is based on Hearing Australia's risk management plan;
- reviewing all audit reports and providing advice to the Board on significant issues identified and action taken, including identification and dissemination of good practice;
- at least once a year, reviewing the performance, objectivity and independence of internal auditor;
- meeting privately with the internal auditor, as required and at least once per year;
- monitoring management's implementation of internal audit recommendations; and
- considering for approval management's recommendation regarding the appointment of the internal audit provider.

##### **4.2 EXTERNAL AUDIT**

The Committee's role is to engage with the external auditors, review and provide input on the external audit work program and review the outputs and findings. This includes:

- acting as a forum for communication between the Board, Management and internal and external audit;
- providing input and feedback on the financial statement and performance audit coverage proposed by external audit and providing feedback on the audit services provided;
- reviewing all external plans and reports in respect of planned or completed audits and monitoring management's implementation of audit recommendations;
- reviewing the External Auditor's arrangements for the rotation and succession of audit partners or their equivalents;

- obtaining assurance that any non-audit services provided by the external auditor to Hearing Australia do not result in conflicts of interest and are compatible with the general standard of independence;
- reviewing and providing input on the external audit plan;
- providing advice to the Board on action taken on significant issues raised in relevant external audit reports and better practice guides; and
- meeting privately with the external auditor, as required, and at least once per year.

#### **4.3 OTHER**

The Committee assists Hearing Australia's Board to discharge its responsibilities under the AHS Act, the PGPA Act and other relevant legislation and better practice guidelines. To this end, the Committee will:

- perform additional functions as requested by the Board; and
- institute and oversee special investigations as needed and requested by the Board.

### **5. REPORTING**

The Committee will regularly, including at least once a year in writing, report to the Board on its operations and activities during the year (Committee Report).

The Committee Report should include:

- a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- a summary of Hearing Australia's progress in addressing the findings and recommendations made in internal, external and Parliamentary Committee reports;
- an overall assessment of Hearing Australia's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting Hearing Australia;
- details of Committee meetings, including the number of Committee meetings held during the relevant period, and the number of Committee meetings each member attended.

In addition to the Committee Board report, the Board also has access to the Audit and Risk Committee papers (via access to them in the 'Board Books Diligent App'). Further, the Committee will provide the various statements and views to the Board as set out in this Charter.

The Committee may, at any time, report to the Board on any matter it deems important. In addition, at any time an individual Committee member may request a separate meeting with the Chair of the Board.

## **6. ADMINISTRATIVE ARRANGEMENTS**

### **6.1 MEETINGS**

The Committee will meet at least four times per year. A special meeting may be held to review Hearing Australia's annual financial statements. The Committee may have such additional meetings as the Chair of the Committee decides are necessary for the Committee to fulfill its duties.

The Chair of the Committee is required to call a meeting if asked to do so by the Board, another Committee member, the Managing Director, the internal auditors or the external auditors.

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

### **6.2 ATTENDANCE AT MEETINGS, QUORUMS AND VOTING**

A quorum for meetings will consist of the majority of the Committee members. The quorum must be in attendance at all times during the meeting.

At a meeting, resolutions are determined by a majority of votes by the voting members present. All Committee members are entitled to vote and have a single vote. In the event that there is an equality of votes (a 'hung vote'), the Chair of the Committee has a casting vote. Any invited guests and/or non-members are not entitled to vote.

All Committee members are expected to attend each meeting in person, or via telephone or video conference. Should any member be unavailable, they must provide an apology in advance to the Committee Chair and the Secretary.

Representatives of the internal audit team and external audit team may attend Committee meetings, unless requested not to do so by the Chair of the Committee.

The Chair of the Board and/or the Managing Director may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

### **6.3 SECRETARIAT**

The Committee receives secretariat support to assist it to perform its functions. This includes the provision of a Secretary who is responsible for:

- providing advice and support to Committee members in relation to their duties;
- ensuring that Committee procedures are followed;
- ensuring that the agenda for each meeting and supporting papers are circulated in a timely manner; and
- ensuring that the minutes of the meetings are prepared and maintained.

### **6.4 CONFLICTS OF INTEREST**

Upon receipt of Committee papers, Committee members must declare any conflict of interests, including perceived conflicts, to the Chair of the Committee and the Board Secretary. 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). The Chair is also responsible for deciding if they personally should excuse themselves from the meeting, or from the Committee's consideration of the relevant agenda item(s), due to a real or perceived conflict. Details of any conflicts of interests are to be appropriately documented in the minutes of the meeting.

In addition, at least once a year, Committee members will provide written declarations through the Chair to the Board, declaring any personal interests they may have in relation to their responsibilities (in line with the PGPA Rule). Members should consider past employment, consultancy arrangements and related third party issues and appointments in making these declarations; and the Board, in consultation with the Chair, should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

Members must take reasonable steps to avoid any real or apparent conflicts of interest or political bias which could undermine Hearing Australia, the Board or the Committee's performance of its functions.

### **6.5 INDUCTION AND TRAINING**

The Committee will maintain a program of 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. New members will receive information and briefings on their appointment, to assist them to meet their Committee responsibilities.



## **6.6 INDEPENDENT EXTERNAL ADVICE**

The Committee, or an individual Committee member, may request the engagement of an independent external adviser in relation to any Committee matter, at the expense of Hearing Australia. Before the external advice is sought, consent must be obtained from the Chair of the Committee, and any procurement activity must occur in line with Hearing Australia's procurement policies.

The Chair of the Committee may determine that any external advice received by an individual Committee member must be shared with the Committee and/or Board.

## **6.7 SELF-ASSESSMENT AND REVIEW OF CHARTER**

To ensure that the Committee is fulfilling its duties it will:

- undertake an annual self-assessment of its performance against the requirements of its Charter and provide that information to the Board.
- provide any information the Board may request to facilitate its review of the Committee's performance and its members.

At least once a year the Committee will review this charter, in consultation with the Board, with any substantive changes to the Charter to be recommended by the Committee and formally approved by the Board.

## **7. MEMBERSHIP**

### **7.1 COMPOSITION**

The Board is responsible for the appointment of Committee members. The Committee will consist of at least three and not more than five members; with membership to be held wholly by Directors, or partly by Directors and partly by other persons<sup>1</sup>.

The composition of the Committee<sup>2</sup>:

- must consist of at least three Non-Executive Directors of Hearing Australia;
- may include an external person appointed by the Chair of the Committee who has specific expertise relevant to the Committee's role; and
- must not include employees of Hearing Australia, and must not include the Chairperson of the Board, the Managing Director or Chief Financial Officer of Hearing Australia.

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<sup>1</sup> AHS Act section 34(1)

<sup>2</sup> PGPA Rule Section 17

In appointing members to the Committee, the Board will have regard to:

- Hearing Australia's governance framework and assurance mechanisms.
- The appropriateness of an individual's qualifications, knowledge, skills and experience to assist the Committee to perform its functions.
- The key risks which may impact Hearing Australia.
- The Chair of the Committee is appointed by the Chairperson of the Board and must be a Director<sup>3</sup>. At meetings where the Committee Chair is not present, the Committee is authorised to appoint a member who will perform the duties of Chair for that meeting.

The Chairperson of the Board and other Board members may attend Committee meetings, and when they elect to do so, receive copies of Committee papers.

Management representatives may attend meetings as advisers or observers, as determined by the Chair.

## **7.2 APPROPRIATE QUALIFICATIONS, KNOWLEDGE, SKILLS**

Members of the Committee are expected to have the knowledge, skills and experience to actively pursue the Committee's objectives and functions, including understanding and observing the requirements of the AHS Act, PGPA Act and PGPA Rule. Members are also expected to:

- have a good understanding of Hearing Australia's functions, objectives and operational context.
- act in the best interests of Hearing Australia and the Commonwealth, including taking reasonable steps to avoid any real or apparent conflicts of interest or political bias which could undermine Hearing Australia, the Board or the Committee's performance of its function.
- always demonstrate the highest professional leadership and ethical standards.
- actively support a highly collaborative culture and the development of leadership within Hearing Australia.
- comply with all laws (including statutes, regulations and any relevant Hearing Australia policies).
- form an independent and objective judgment regarding the advice related to its functions.
- express opinions constructively and openly and raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry.
- contribute the time required to effectively meet their responsibilities.

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<sup>3</sup> AHS Act Division 4, Section 34(2)

At least one member of the Committee should have accounting or related financial management experience and/or qualifications, and a comprehensive understanding of Australian accounting and auditing standards.

### 7.3 TENURE AND REVIEW

Membership of the Committee will be reviewed at least every two 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.

Members will be appointed for an initial period not exceeding three years, after which they will be eligible for extension or re-appointment, after a formal review of their performance.

The Board may remove or replace a member of the Committee at its sole discretion.

If a member of the Committee who is a Director ceases to be a Director, that member automatically ceases to be a member of the Committee.

### 7.4 MEMBER PAYMENTS

Board Directors participating on the Committee may receive an additional payment as determined by the Australian Government Remuneration Tribunal.

People appointed to the Committee who are not Board Directors may, however, receive payment for their participation and attendance at meetings. Any such payments are to be determined by the Chair of the Committee, the Chairperson of the Board and the Managing Director.

Signed



Date: 9 July 2025

Loretta DiMento  
Chair, ARMC

Signed



Date: 14 July 2025

Elizabeth Crouch AM, Chair  
Hearing Australia Board