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DOCUMENT 1

Meeting of Audit & Risk Committee
Minutes

4 March 2025
2:00pm to 5:00pm AEDT
Online via MS Teams

Attendance

Committee members

Dr Graeme Innes AM, Chair

Ms Maryanne Diamond AO, Deputy Chair

Mr Mark Darras – item 2.1 onwards

Dr Denis Napthine AO

Dr Ian Watt AC

Board members

Mr Kurt Fearnley AO

Ms Leah van Poppel – item 1.1 to 6.2 inclusive

Dr Richard Fejo

Management representatives

Ms Rebecca Falkingham, Chief Executive Officer

Mr Matthew Swainson, DCEO, Governance, Risk & Legal

Mr Chris Breitkreuz, acting Chief Operating Officer/DCEO Enabling Services

s47F - personal privacy, GM Audit & Risk Division

Mr Michael Minney, Acting Branch Manager, Internal Audit

Mr David Gifford, Scheme Actuary – item 5.1

Mr Tom McGregor, General Counsel (Corporate) – item 6.2

Mr Daniel Flowers, Acting GM, Chief Counsel Division – item 6.2

Mr John Dardo, DCEO Integrity Transformation & Fraud Fusion Taskforce – item 6.3

Other attendees

s47F - personal privacy, A/g BM Ecosystem Reform & Governance (Secretariat)

s47F - personal privacy, Director, Board and Governance (Secretariat)

s47F - personal privacy, EO to Board Chair

s47F - personal privacy Executive Director Performance Audit Services Group, ANAO – all items except in camera

s47F - personal privacy, Acting Executive Director Performance Statements Audit Services Group, ANAO - all items except in camera s47F - personal privacy, Senior Director Performance Statements Audit Services Group, ANAO - all items except in camera

The Minutes are presented in the order that items were discussed.

1. Meeting open

1.1 Chair's welcome, Acknowledgement of Country and apologies

The Chair opened the meeting at 2.00pm and welcomed Members and management to the meeting.

On behalf of the Committee, the Chair acknowledged the Traditional Owners and Custodians of the Country throughout Australia, in particular the Bundjalung people in region of Tweed Heads from where Dr Innes was joining the meeting.

Apologies were noted.

1.2 Committee members' declarations of material interests

The Chair noted the following updates to members' declarations of material interests:

- Dr Watt advised an update to a previous declaration regarding his membership of the National Disability Research Partnership (NDRP) Working Group from 2020-2023. Dr Watt noted he and a number of Working Group members agreed to stay on as foundational members. While Dr Watt does not believe there is a conflict, he will resign from the NDRP by the March 2025 Board Meeting.
- Dr Fejo advised he was contacted by the Board Secretariat to clarify his annual declarations but there are no new declarations to be made.

Dr Fejo noted the cyclone approaching the Queensland/NSW areas and expressed his best to all staff and participants in the affected areas. The Chair asked Ms Falkingham to pass this message on.

Mr Darras joined the meeting.

2. In camera

2.1 In camera – Committee Members

The Committee held an In Camera session.

3. Administration

The Chair welcomed the ANAO representatives who joined the meeting.

3.1 Minutes of the Audit & Risk Committee

The Committee endorsed the minutes of the meeting of 21 November 2024.

3.2 Matters arising

The Committee sought further clarification regarding *Item 6 of the Matters Arising Report - Management to confirm the timeframe for the completion of the consultancy work on historical debt.*

The Committee discussed the complexity of the issue noting the timeframe for a resolution and an expectation this would have been resolved already.

Ms Falkingham noted that historical debt is a significant issue, noting there is an expectation and responsibility of the Agency to respond sensitively to participant debt matters. Ms

Falkingham advised she and Mr Swainson sit on the group managing historical debt and will report back to the Board with further information shortly.

The Committee noted the matters arising report for 4 March 2025, approving the closure of the items proposed to be closed.

4. Financial Reporting

4.1 Finance Activity Update

Mr Breitkreuz took the paper as read, providing an update on the status of the ANAO’s 2024/25 Annual Financial Statements audit and the status of closure packs for findings from the FY 2023-24 final management letter.

Mr Breitkreuz provided further information on closed item 2 from the Matters Arising Report regarding cyber risk coverage in the Agency’s Comcover policy, as detailed in the meeting papers. Mr Breitkreuz advised the Commonwealth would assist further with any loss incurred by the Agency as a result of a cyber breach, on top of what the Comcover policy would cover. As per the meeting papers, an approach will be made to the commercial market to seek further quotes.

The Committee queried why the Commonwealth insists on the Agency having Comcover insurance if the Commonwealth will assist in the event of a cyber security incident. Mr Breitkreuz advised that this approach is based on his general understanding. The Committee suggested Mr Breitkreuz seek further information on the level of support the Commonwealth has provided to date to other departments and agencies before proceeding to seek quotes from commercial providers. Mr Breitkreuz will update the Committee with further information on this matter.

s47B - Commonwealth-State relations

Action 1: Mr Breitkreuz to report back to the Committee on the level of support/cover the Commonwealth has provided to date to other departments and agencies for cyber security incidents.

5. Performance Reporting

5.1 Performance Activity Update

Mr Gifford joined the meeting.

Mr Gifford introduced the paper noting the paper was largely similar to the February Board paper. Mr Gifford also noted the Board had agreed to update the two financial targets for the upcoming quarter, and it expected both measures will be met in the next report.

Mr Gifford drew the Committee’s attention to the targets not being meet in the areas of participant employment, participant satisfaction and participant timeframe guarantee.

The Committee noted challenges in meeting participant satisfaction rate. Mr Gifford noted the comment and agreed on the challenges the Agency faces meeting the participant satisfaction rate this year.

Ms Falkingham noted the satisfaction rate was recorded at the time of significant reform in the Scheme and will be discussed with the Board later this month.

The Committee queried at what stage the Agency would review the measures and targets. Mr Gifford advised both will be reviewed as part of the next Corporate Plan. Ms Falkingham advised there is a need to be more sophisticated in examining what good participant satisfaction looks like, beyond planning outcomes, and this is on management's agenda to look at.

Mr Gifford left the meeting.

6. Risk Oversight and Management

6.1 Chief Risk Officer Report (Q2)

Mr Swainson took the paper as read, drawing the Committee's attention to the progress of completed actions under the Commonwealth Fraud and Corruption Control Framework. Mr Swainson also noted the Agency has completed the Comcover survey signed off by the CEO, noting the approval authority is not stipulated for Corporate Commonwealth Entities (CCE's) and CEO approval is consistent with legal reporting.

The Committee queried what type of entity the Agency is in relation to the Commonwealth Fraud and Corruption Framework process. Mr Swainson confirmed while the Agency sits is a CCE, a number of requirements for Non Corporate Commonwealth Entities have been adopted by the Agency and the Agency strives to incorporates these obligations into Agency operations as a matter of best practice.

The Committee sought confirmation on how often the ARC be updated on this work. Mr Swainson and s47F - personal privacy advised that updates will be provided to the ARC as work progresses.

The Committee discussed the Financial Compliance Summary paper observing some breaches are occurring inadvertently due to human error, whilst some breaches appear to be deliberate in nature.

Mr Swainson and Mr Breitkreuz discussed the types of compliance errors, noting some are simple acquittal errors such as an invoice not being uploaded by staff in the first instance, and the inclusion of these types of errors as breaches in relation to the recommendations from the ANAO Credit Card Audit in 2024. The Committee raised concern regarding deliberate and intentional breaches and Mr Swainson confirmed that the remediation action taken in these instances would be significant.

Resolution:
The Audit and Risk Committee agreed that the Q2 FY2024–25 Chief Risk Officer Report is an accurate account of NDIA risks and controls, and to remit relevant content to the NDIA Board.

6.2 Legal Risk Report

Mr McGregor and Mr Flowers joined the meeting.

Mr McGregor provided an update on the 3 federal court matters listed at Attachment A of the paper.

s47E(d) - certain operations of agencies

Mr Swainson asked Mr Flowers to provide an update on the Administrative Review Tribunal (ART).

The Committee asked about the rise in active matters from July to December 2024 and whether the ART is offering an efficient mechanism to deal with complaints

Mr Flowers advised that there has been a reduction in numbers of complaints at the ART in comparison to scheme growth. Less than 1% of participants are appealing decisions to the ART. Mr Flowers noted that there have been significant internal changes at the ART, but delays are being rectified, and they are moving to a new case management system. Mr Flowers also noted that the ART are seeking to have any matter dated 2023 or earlier to be heard by July 2025.

Mr Swainston noted that the NDIA is making significantly more access decisions than previously so complaints will likely rise but are still very small relative to total number of participants.

The Committee noted that in reporting it would be helpful to have complaint numbers as a proportion of total participants.

Ms Van Poppel, Mr McGregor and Mr Flowers left the meeting.

6.3 Integrity Update

Mr Dardo joined the meeting.

Mr Dardo introduced the paper and gave an overview of the key matters for the Committee's consideration as set out in the paper. He also noted the challenges faced by the NDIA are not exclusive to the agency, and many other government agencies are also facing targeted action by sophisticated organised crime rings.

Mr Dardo spoke to increasing cooperation with other government agencies in sharing data, information and undertaking investigations with law enforcement. He further noted that as transparency increases through an improved ability to detect integrity issues, scheme integrity losses will likely increase.

s47E(d) - certain operations of agencies

s47E(d) - certain operations of agencies Mr Dardo also noted that there are some issues on the participant side as well, but these issues typically are around a lack of education, rather than deliberate attempts to defraud the scheme.

The Committee noted the scale of the problem and their support to systemic and legislative reforms.

The Committee noted the importance of demonstrating a strong case for additional government investment in fraud and integrity measures.

Mr Dardo left the meeting.

7. Internal Control Framework

7.1 Audit Management Report

Mr Swainson introduced the paper and gave an overview of the key matters for the Committee's consideration as set out in the paper. Mr Swainson noted that progress has been made in appointing a second internal auditor, with an expected start date of the end of March. Mr Swainson also noted that the section 19 audit is expected to be released in mid-March.

Dr Innes introduced Mr Minney who will be acting in the role of Branch Manager, Internal Audit and provided a brief overview of his qualifications to undertake the role.

The Committee sought clarification on that the section 19 refers to the ANAO Board Governance Audit, whether a briefing will be held before this release and if there will be an opportunity to respond provided. Dr Innes invited s47F - personal privacy to speak to the item. s47F - personal privacy confirmed the Section 19 Report will be received by the Agency by the end of March 2025, and a briefing is planned would be given to the Agency ahead of the report being presented to the Auditor General. s47F - personal privacy confirmed the Agency's comments and response to Section 19 Report would be formalised in the report when it is tabled in parliament.

Mr Swainson introduced the revised FY2024-25 Internal Audit Plan and noted that changes have been highlighted and invited s47F - personal privacy to outline changes as per the paper provided to the Committee.

The Committee queried if a deferral of the Partners in the Community performance measures to Q1 of 2025-26 had been considered in light of the broader ecosystem reforms and whether reporting measures will be relevant at the time they are undertaken.

s47F - personal privacy explained that the decision had not been taken lightly but will seek further clarification and return to the committee.

Resolution:
The Committee approved the revised FY2024–25 Internal Audit Plan, subject to further commentary being provided on Partners in the Community.

The Committee also noted the status of audit action closures, the update on the Internal Audit co-sourced provider conflict of interest matter, the report published by the ANAO in October 2024 titled '2023–24 Performance Audit Outcomes', and the status of backfilling the Branch Manager Audit role.

s47F - personal privacy briefly outlined the second attachment, an ANAO publication on audit practices across the public service. s47F - personal privacy noted that NDIA is now in its own category having previously been a part of the social services category.

The Committee noted this report.

Action 2: Management to provide further information to the Committee regarding the justification for the deferral of the Partners in the Community as part of the report.

8. External Audit Activity

8.1 ANAO Audit Activity Report

s47F - personal privacy introduced the paper and gave an overview of the key matters for the Committee's consideration from the recently published end of year report. Of particular note were issues around IT control, key management personnel, AI and cloud computing.

s47F - personal privacy provided further update on the Financial Statements Audit attached to the ANAO report, but was unable to provide a detailed update as the internal audit has only just commenced. s47F - personal privacy noted the Audit is still rated as a High Risk audit, but noted there has been improvements in receiving information in a timely manner.

s47F - personal privacy also summarised the Performance Statements and noted this also remains at a high risk rating, with focus on the completeness and appropriateness of performance measures and completeness of data. s47F - personal privacy advised she will provide the Committee with an update once further work has been completed.

s47F - personal privacy noted that the Auditor General has circulated Draft Australian National Audit Office Annual Audit Work Program 2025–26 during the meeting.

Action 3: Secretariat to provide Dr Innes with ANAO Audit Committee Chair dates

9. Other Business

The Committee discussed the previous ANAO Complaints Audit which found the NDIA complaint handling as 'partly effective' on the ANAO website and timeframes for when the finding will be removed.

Mr Swainson explained that all ANAO recommendations are finalised via 'closure packs' and these are still being progressed.

s47F - personal privacy noted that the report will remain on the ANAO website as it was the outcome of the report tabled in Parliament.

s47F - personal privacy provided an update on Cyclone Alfred noting analysis of participants in affected Local Government Areas (LGAs) has been provided to state incident controllers. Staff have been advised, and local teams will act in accordance with conditions. The Agency will continue to post communications on the NDIS website. The Agency has a joint business continuity team that meets with NSW and Queensland teams and is engaged with the National Emergency Management Agency (NEMA).

The Committee discussed consideration of psychosocial welfare for all communications.

The Committee discussed the layout of the paper packs, specifically the Resource Centre.

10. Meeting Close

The Chair closed the meeting at 4:27pm.

10.1 Next meeting

The next Committee meeting will be held on Thursday 5 June 2025.

These minutes are prepared by the Board Secretary in accordance with section 141 of the NDIS Act. At a meeting of the Audit and Risk Committee, a quorum is constituted by a majority of members. A quorum of members was present for all decisions made at this meeting.

Meeting of Audit and Risk Committee Minutes

5 June 2025
10:00am – 2:30pm AEST
Online via MS Teams

Attendance

Committee members

Dr Graeme Innes AM, Chair

Ms Maryanne Diamond AO, Deputy Chair

Mr Mark Darras

Dr Denis Napthine AO

Dr Ian Watt AC

Board members

Mr Kurt Fearnley AO, Board Chair – items 1.1 to 6.1 inclusive

Management representatives

Mr Samuel Porter, Acting Chief Executive Officer

Ms Allison Doyle, Acting DCEO Enabling Services / Chief Operating Officer – all items except in camera

Mr John Dardo, DCEO Integrity Transformation and Technology Services – items 6.4 and 6.5

Mr Scott McNaughton, DCEO Service Delivery – items 2.1 and 6.6

Mr Matthew Swainson, DCEO Legal, Reviews, Actuarial and Data – items 2.1, 5.1, 6.3, 6.4 and 6.5

Ms Nicole Stransky, Acting GM Chief Data Officer – items 4.1 and 5.1

Other attendees

Mr Michael Minney, Acting BM Audit – all items

s47F - personal privacy, Commonwealth Ombudsman – item 2.1

Mr Chris Breitkreuz, Chief Financial Officer – item 4.1

Mr Tom McGregor, Chief Counsel – item 6.3

s47F - personal privacy, Executive Director, Performance Audit Services Group, ANAO – all items except in camera

s47F - personal privacy, Acting Executive Director, Performance Statements Audit Services Group, ANAO - all items except in camera

s47F - personal privacy, Senior Director, Performance Statements Audit Services Group, ANAO - all items except in camera

Ms Jane Heffernan, BM Board Secretary, Ministerial and Parliamentary (Secretariat) – all items except in camera

s47F - personal privacy, Director Board Secretariat (Secretariat) – all items except in camera

s47F - personal privacy, EO to Board Chair – all items except in camera

Apologies

s47F - personal privacy, GM Audit, Risk and Resilience / Chief Risk Officer

The Minutes are presented in the order that items were discussed.

1. Meeting open

1.1 Chair's welcome, Acknowledgement of Country and apologies

The Chair opened the meeting at 10:02am and welcomed Members and management to the meeting.

On behalf of the Committee, the Chair acknowledged the Traditional Owners and Custodians of the Country throughout Australia, in particular the Ngandowal and Minyungbal people of the Bundjalung Country whose lands Dr Innes was meeting on in Tweed Heads.

The Chair noted that Reconciliation Week had just come to a close and reflected on the impact this week may have had on the Aboriginal and Torres Strait Islander communities around Australia.

The Chair noted that Ms Falkingham and s47F - personal privacy were on leave and welcomed Mr Porter as the acting CEO.

1.2 Committee members' declarations of material interests

The Chair noted there were no updates to members' declarations of material interests.

2. In camera

2.1 Commonwealth Ombudsman s47F - personal privacy

Mr Swainson, Mr McNaughton and s47F - personal privacy joined the meeting.

The Commonwealth Ombudsman addressed the Committee and answered questions.

Mr Swainson, Mr McNaughton and s47F - personal privacy left the meeting.

2.2 In camera – Committee Members

The Committee did not require a separate committee in camera session.

Upon completion of the in camera session, the Chair noted the positive discussion held with the Commonwealth Ombudsman and the Committee was pleased with the Ombudsman's comments regarding the NDIA's maturing approach to complaint handling.

3. Administration

Ms Doyle joined the meeting.

3.1 Minutes from the Audit and Risk Committee meeting of 4 March 2025

The Committee endorsed the minutes of the meeting of 4 March 2025.

The Chair welcomed the ANAO representatives s47F - personal privacy, s47F - personal privacy and s47F - personal privacy who joined the meeting.

3.2 Matters arising

The Committee noted the matters arising report for June 2025, approving the closure of the items proposed to be closed.

Resolution:

The Committee discussed the matters arising report and agreed to close the matters proposed to be closed.

4. Financial Reporting

4.1a Finance Activity Update

Mr Breitkreuz and Ms Stransky joined the meeting.

Mr Breitkreuz introduced the paper and advised that the financial statements did not contain any results that were out of the ordinary. He further noted the positive actions stemming from the ANAO's interim management letter: Three findings have been resolved, and the Agency has received helpful comments regarding the hard-closed items to be finalised.

4.1b Going Concern Assessment

Mr Breitkreuz introduced the paper, noting that there was no change from the last assessment and a full-year assessment will be undertaken at end of financial year.

4.1c Changes to Accounting Standards

Mr Breitkreuz introduced the paper noting that the Agency is not impacted by these changes, but they are reviewed frequently to ensure the Agency is up to date with current standards.

4.2 Q3 PGPA Compliance

Mr Breitkreuz introduced the paper and noted a positive downward trend in compliance issues from quarter 2. Low level credit card non-compliance remains an issue, particularly with invoices being added to systems after acquittal instead of before.

The Committee discussed the Agency financial reporting and end of financial year arrangements. Mr Breitkreuz stated that the end of financial year statements are being prepared and will be provided to ANAO by 28 July 2025, with feedback expected by 20 August 2025 and the audit to be finalised by September 2025.

The Committee discussed the differences in superannuation provisions for employees on defined benefits versus accumulation funds. Management advised they can provide a breakdown of numbers of employees in each type of fund.

The Committee queried the high-risk rating setting, within the audit strategy document regarding the risk of material misstatement in statements. The Committee discussed if that rating should be of concern. The ANAO representatives advised that risk ratings are an assessment of risk before mitigations/controls are implemented. It was confirmed that the Interim Management Letter highlighted some risks, but there are no significant risks in the findings and agreed that the Agency's risks are similar to that of other large organisations.

The Committee asked that the naming of groups in the compliance tables be clarified in the next report, as they were ambiguous when they referred to an individual or the group. Management advised they will adjust the next reports accordingly e.g. CEO versus CEO office.

The Committee commented that the presentation of the financial reporting as 4 separate papers was much easier for both general reading and accessibility purposes.

Mr Breitkreuz left the meeting.

Action 1: Management to provide information on employee superannuation breakdowns by scheme type (2 defined benefits schemes and the accumulation scheme) in the Agency.

5. Performance Reporting

5.1 Performance Activity Update

Mr Swainson rejoined the meeting.

Ms Stransky introduced the paper and gave an overview of the key matters for the Committee's consideration. Ms Stransky noted the update is intended to provide enhanced visibility on performance reporting prior to the financial year end. Seven of 12 performance measures were achieved this quarter and commentary has been provided on those measures the Agency is not meeting. The team is consulting widely across the organisation to address concerns raised by the ANAO and achieve all performance measures.

The Committee discussed Participant Service Guarantee (PSG) timeframe targets not being met, and that this is likely to be considered unacceptable to the wider community. The Committee asked management about actions being taken to address backlogs of access decisions and get into a more 'business as usual' approach.

Ms Stransky noted that the data is improving and has been over the course of the last 6 months. Additional resourcing to access decision teams has brought the backlog down significantly, the introduction of PACE has brought efficiency to the process. It is expected that by the end of June the backlogs of decisions will be finalised.

The Committee asked that further information on these PSG targets be provided as it appears this year's results will be worse than the 2024 results. The Committee would like reassurance that the Agency is taking steps to improve the result, while maintaining their rules and processes.

Management noted that this topic can be further discussed at the June Board meeting to be held in 2 weeks in agenda item 7.2.

Action 2: Management to provide more detailed reporting to the Board on the Participant Service Guarantee timeframes (performance measure 2.3) including what the Agency is doing to meet the targets.

Mr Swainson and Ms Stransky left the meeting.

6. Risk Oversight and Management

6.1 Chief Risk Officer Report (Q3)

Mr Fearnley left the meeting at 11:25am during this item.

Ms Doyle introduced the paper and gave an overview of the key matters for the Committee's consideration. Some potential increases in risk were noted, due to fraud and corruption, and regulatory exposure. Ms Doyle noted the Risk Management Strategy addresses how the Agency controls risks related to the Agency. The Risk Management framework is currently being reviewed and will be presented to the Committee at the September 2025 meeting. Ms Doyle noted Clayton Utz was also doing a review of Board obligations. Work on the Board risk declaration will commence in quarter 1, to be completed in quarter 2 of the new financial year. There has been a delay in the Commonwealth Fraud and Corruption Control Framework risk reporting due to additional time needed to engage appropriate experts.

Ms Doyle also noted that the ANAO work being undertaken regarding fraud and corruption shows there is still work to be done in regard to payment processing.

The Committee enquired if the Clayton Utz report is able to be circulated to Board members. Management confirmed it will be circulated once completed.

The Committee discussed the long-term high-risk rating in relation to fraud and corruption dimensions, noting that the Agency has further work underway which is expected to be completed by December. The Committee was reassured the Agency was vigilant and taking action but noted its concern at the duration of the high-level risk rating. Management confirmed that risk mitigations are in place, with additional mitigations being implemented currently and further mitigations to be introduced in the second half of the year.

The Committee discussed the backlog of scheduled assessments, and whether, due to legislative amendments, funding only applies from the date of decision. The Committee questioned if Agency decision making backlogs are causing participants to go without funding they are entitled to and should this be more carefully considered at both an Agency and legislative level. The Committee also requested information regarding timeframes and participant profiles of these backlogs.

Management advised that this more of an issue for providers than for participants but will do some analysis and come back with further information for the Committee.

Resolution:

The Audit and Risk Committee agreed that the Q3 FY2024-25 Chief Risk Officer Report is an accurate account of NDIA risks and controls, and to remit relevant content to the NDIA Board.

Action 3: Board Secretariat to circulate Clayton Utz report to the Board when ready.

Action 4: Management to provide analysis and detail on reassessment timeframes and potential impact on participants backlogs.

6.2 Strategic Risk Review FY2025-26

Ms Doyle introduced the paper and gave an overview of the key matters for the Committee's consideration. She noted that strategic risks are published in the corporate plan and the team consulted widely across the organisation to prepare the list. There have been consolidations and refinements made to some existing risks, and a risk has been added to ensure the Agency is empowering First Nations people in its work. Risk mitigation strategies are also now owned by a single Deputy CEO owner.

The Committee discussed the Strategic Risk Review and suggested consulting outside of the Agency next year on the risks. Management agreed to consider this for the 2026-27 review.

Resolution:

The Audit and Risk Committee note the realigned FY2024-25 Strategic Risks and Mitigation Strategies; and endorse the Strategic Risk Review for FY2025-26 for publication in the Corporate Plan FY2025-26.

6.3 Legal Issues and Administrative Review Tribunal Program

Mr Swainson and Mr McGregor joined the meeting.

Mr McGregor outlined the recently endorsed Legal Services Strategy to the Committee and provided an overview of actions in progress under the strategy, noting the fundamental premise is that they want to be helpful, keep participants at the centre, and strive for improvements.

The Committee discussed how legal services from external law providers are sourced, and the development of Agency staff in the Legal Services area. The Committee queried if there was enough focus on tracking and preventing misuse, abuse and fraudulent activities in the new strategy. Management thanked the Committee for the feedback noting that this is intended to be a living document only for internal use, and that feedback will be considered when updating the strategy and associated policies.

Mr Swainson gave the Committee an update on matters currently before the Administrative Review Tribunal. The number of matters before the Tribunal remains historically high in number, but, as an overall percentage of participants, is down from a high of approximately 1.5% of all participants to just over 1% of all participants. Mr Swainson advised that as more participants join the Scheme, it should be expected more participants seek adjudication at the Tribunal. The team is currently focusing on finalising matters outstanding for more than 12 months.

The Committee queried the high rates of cases taken to the Tribunal being closed before a hearing, which is currently 97%. Mr Swainson explained that because of the Scheme's discretionary nature, the Agency is able to work with the participant to come to an outcome that resolves the issue before getting to the hearing stage. Communicating effectively with participants is also crucial to amicably resolving these issues as there is often a misunderstanding about what the Scheme can or cannot provide. Mr Swainson further advised that of the cases that do result in a Tribunal hearing, the Tribunal favours the position of the Agency approximately 70% of the time.

s47C - deliberative processes

Mr Swainson emphasised that the Agency's position is that the vast majority of participants taking the Agency to the Tribunal have legitimate claims and believe they have not been provided with their full entitlement and reiterated the team's commitment to working with participants to ensure the best possible outcome.

s47C - deliberative processes

The Committee noted the Agency officials' professionalism and conscientiousness of probity when meeting with law firms, noting Mr Swainson clarified that he has not met with any law firms since joining the Agency.

Mr McGregor left the meeting.

Action 5: Management to discuss procurement processes with Dr Watt.

6.4 Quarterly Integrity Update

Mr Dardo joined the meeting.

Mr Dardo introduced the paper and gave an overview of the key matters for the Committee's consideration, including an update on the progress of systems being built to detect fraud within the Scheme. He noted there is now enough data collected to be able to provide statistical information on integrity losses. It is important to understand that these numbers will seem large as the Agency has never been able to provide these statistics before. As the fraud detection systems and processes mature it is likely these numbers will get higher before leveling off. The Agency has been very transparent in these processes, and it is likely that the ANAO will report on some of these figures and there may be associated media interest.

Mr Dardo advised that there has been an uplift in the performance of the Fraud Fusion Taskforce, with prosecutions occurring at a significantly faster speed than previously. Implementation of further updates in the Crackdown on Fraud program will occur in the next few months in line with the Risk Management Framework, manual payment reviews will also increase in the coming months.

s47C - deliberative processes, s47E(d) - certain operations of agencies

[redacted]

Mr Dardo briefed the Committee on a fraud prosecution being brought against an NDIA staff member which will likely come before the courts in 3 to 6 months' time.

Action 6: Board Secretariat to schedule a deep dive on potential legislative changes to support integrity measures at a future Board meeting.

6.5 Debt Program of Work and Review

Mr Dardo introduced the paper and gave an overview of the key matters for the Committee's consideration. Mr Dardo advised that every participant debt raised by the Agency has been manually reviewed to verify that all debts raised have been done so legally, and with the proper evidence and records in place. Mr Dardo noted this process has shown:

- some debts being raised using poor methods, and these have been revoked
- some revoked debts will need to be re-examined and if appropriate re-raised with the correct evidence and processes.

Mr Dardo emphasised that every debt was manually reviewed by an officer, with no automation involved and communication to participants is being carefully considered. Provider debts are also being examined and so far, most debts are being upheld.

The Committee discussed how participants with difficult financial circumstances might be able to deal with these debt notices. Mr Dardo and Mr Swainson explained that this is being considered and will need a case-by-case basis approach, but some participant debt will be raised against nominees who have claimed inappropriately on behalf of participants. In such cases all options available under the Act will be considered. Mr Dardo also clarified that debt recovered in this manner will come back to the Scheme, but debt recovered via a court process will not.

Mr Dardo and Mr Swainson left the meeting.

6.6 Escalation notifications of red-rated participant critical incidents

Mr McNaughton rejoined the meeting.

Mr McNaughton introduced the paper and gave an overview of the key matters for the Committee's consideration. Mr McNaughton explained the updated critical incident framework and how it is intended to be used to ensure effective communication of serious incidents to the CEO or Deputy CEO and the Board where appropriate.

The Committee discussed the wording of the framework and if it would be improved to more accurately reflect the priorities and responsibilities of the Agency. Mr McNaughton agreed to confer with Mr Swainson and the legal team to ensure wording is appropriate. The Committee also enquired when the Ministers' offices would be notified in such instances. Mr McNaughton advised there is now a weekly meeting set up with Minister McCallister's Chief of Staff, all briefs going to one office will copy in the other ministerial office to ensure coverage.

Action 7: Mr McNaughton to reconsider the language of the framework and return to Committee with an updated framework.

Mr McNaughton left the meeting.

7. Internal Control Framework

7.1 Audit Management Report

Ms Doyle introduced the paper and gave an overview of the key matters for the Committee's consideration, noting there has been an increase in open audit items, there is planned further engagement with item owners. Ms Doyle also provided an update on the audit plan delivery and preparation for the 2025-26 Audit Plan.

Management noted that the procurement of an additional audit provider will be completed this month which will allow 4 delayed audits where Ernst and Young (EY) has conflict to be finalised.

s47F - personal privacy, s47F - personal privacy and s47F - personal privacy provided commentary on the Audit Management Report from the ANAO's perspective, noting the effectiveness of Board performance audit will be tabled on 10 June 2025. The claims compliance audit is currently out for comment and is due to be tabled at the end of June with the annual audit work program being finalised for tabling in July.

The Committee discussed recent Joint Committee of Public Accounts and Audit (JCPAAA) enquiries.

8. External Audit Activity

8.1 ANAO Audit Activity Report

s47F - personal privacy, s47F - personal privacy and s47F - personal privacy introduced the paper and gave an overview of the key matters for the Committee's consideration, noting some topics had been covered in item 7.1. The ANAO advised financial statements audit forums will occur soon. The interim report on financial reports was tabled on 29 May 2025. Over 70% of outstanding findings, were outstanding for several months and most relate to IT processes and issues.

The Committee noted an error in wording relating to the use of NDIS versus NDIA in the performance audit report. The ANAO confirmed they will amend this.

The ANAO noted that the work on the hard close audit has substantially finished and there were only very minor comments on this, highlighting the improvement in the quality of the statements and the Agency was commended for its efforts by the Committee.

The ANAO advised that end of year reporting will be provided late for the September 2025 Audit and Risk Committee meeting and the annual audit work program for the next financial year is being finalised and will be available in July.

The ANAO provided an update on the Performance Statements Interim Management Letter and noted it was pleasing to see the Q3 report with commentary and analysis.

Action 8: Mr Porter to circulate the ANAO credit card audit report to staff.

9. Other Business

No other business was raised.

10. Meeting Close

The Chair closed the meeting at 2:04pm.

10.1 Next meeting

The next Audit and Risk Committee meeting will be held on Thursday 4 September 2025 in Richmond, Victoria.

These minutes are prepared by the Board Secretary in accordance with section 141 of the NDIS Act. At a meeting of the Audit and Risk Committee, a quorum is constituted by a majority of members. A quorum of members was present for all decisions made at this meeting.

Meeting of Audit and Risk Committee
Minutes

12 September 2025
9:00am – 3:00pm AEST
Richmond / Online via MS Teams

Attendance

Committee members

Dr Graeme Innes AM, Chair

Mr Mark Darras

Dr Denis Napthine AO

Apologies

Dr Ian Watt AC

Ms Maryanne Diamond AO, Deputy Chair

Board members

Mr Kurt Fearnley AO – all items except 5.2

Dr Richard Fejo

Management representatives

Mr Scott McNaughton, Acting Chief Executive Officer – all items

Mr Samuel Porter, DCEO Enabling Services / Chief Operating Officer – all items

Mr John Dardo, DCEO Integrity Transformation and Technology Services – items 6.2 and 6.3

Mr Andrew Maitland, DCEO Service Delivery – items 5.1 and 5.2

Other attendees

Ms Phoebe Thompson, Acting Chief Risk Officer – item 5. 3 – 8.1

Mr Michael Minney, Acting BM Audit – all items except in camera

Mr Chris Breitkreuz, Chief Financial Officer – item 4.1, 4.2, 4.3 and 7.1

Mr David Gifford, Acting GM Chief Data Officer – items 4.1, 4.2, 4.3 and 5.1

Mr Ben Cheever, Acting Chief Counsel – item 6.5

Mr Daniel Flowers, Acting GM Reviews and Information Release – item 5.2 and 6.5

s47F - personal privacy, Executive Director, Performance Audit Services Group, ANAO – all items from 3.2

s47F - personal privacy, Acting Executive Director, Performance Statements Audit Services Group, ANAO - all items from 3.1

s47F - personal privacy, Senior Director, Performance Statements Audit Services Group, ANAO - all items from 3.1

Ms Jane Heffernan, BM Board Secretary, Ministerial and Parliamentary (Secretariat) – all items except in camera

s47F - personal privacy, Director Board Secretariat (Secretariat) – all items except in camera

s47F - personal privacy, EO to Board Chair – all items except in camera

The Minutes are presented in the order that items were discussed.

1. Meeting open

1.1 Chair's welcome, Acknowledgement of Country and apologies

The Chair opened the meeting at 9.06am and welcomed Members and management to the meeting.

On behalf of the Committee, the Chair acknowledged the Traditional Owners and Custodians of the Country throughout Australia, in particular the people of Yugambeh in Bundjalung Country whose lands Dr Innes was meeting on in Bilinga.

Apologies were noted for Deputy Chair Ms Maryanne Diamond AO, Member Dr Ian Watt AC, and Mr Matthew Swainson DCEO Legal, Reviews, Actuarial and Data.

1.2 Committee members' declarations of material interests

The Chair noted there were no updates to members' declarations of material interests.

2. In camera

The Committee held an in-camera session (commencing at 9:09 am), requesting for Mr McNaughton and Mr Porter to remain in the session (concluding at 9:22am).

3. Administration

Mr Scott McNaughton and Mr Michael Minney rejoined the meeting.

The Chair welcomed s47F - personal privacy and s47F - personal privacy from the ANAO.

3.1 Minutes from the Audit and Risk Committee meeting of 5 June 2025

The Committee endorsed the minutes of the meeting of 5 June 2025.

3.2 Matters arising

s47F - personal privacy (ANAO) joined at 9.30am

The Committee noted the matters arising report for September 2025, approving the closure of the items proposed to be closed.

The Committee discussed the program of work performed by Clayton Utz, questioning why this work has paused. Management advised the work has concluded and an update will be presented at the next Audit and Risk Committee meeting 13 November 2025.

Resolution:

The Committee discussed the matters arising report and agreed to close the matters proposed to be closed.

4. Financial Reporting

4.1 Finance Activity Update

Mr Breitkreuz and Mr Gifford joined the meeting.

Mr Porter introduced the paper providing a status update to the financial year 2024-25 ANAO Financial Audit and 2024-25 Draft Annual Financial Statements, highlighting in particular:

- 3 findings have been closed
- 8 findings have audit closure packs with the ANAO for review
- 1 finding has a partial audit closure pack (to demonstrate the Agency's progress in addressing that finding).
- 3 findings remain outstanding without audit closure packs.
- the ANAO did not raise any new findings to the final phase of the audit.

The Committee discussed the findings, seeking clarity on:

- Finding 12 – Single Delegate Plans and the length of time the finding has been open. Management advised progress is being made however further PACE enhancements are required to enable the backlog to be cleared.
- Finding 17 – Management of historical scheme debt, in particular to participant and providers. The Committee sought clarification as they understood that this finding had been resolved. Management provided assurance that the historical debt issue has been addressed, however, further work is required to be completely satisfy the finding.

Mr Fearnley left the meeting at 10:00am

4.2 2025-2025 Financial Statements

Mr Breitkreuz introduced the paper, drawing attention to the "Guide to the Financial Statements" which provides a good reference for going concerns and controls that are in place for variations, adjustments and actuals to the budget.

The Committee discussed the variation in payment error rates between providers and self-managed participants noting that there is improvement for providers on FY23/24, but Self-managed funds have increased in error variance. Clarity was sought from management if this error variance is a concerning trend. Management provided assurance that they are not concerned that this represents a significant trend, stating that the FY22/23 self-managed funds showed a reduction in comparison and that it is possible Section 10 has had a material impact.

s47B - Commonwealth-State relations

Resolution:

The Committee endorsed the NDIA's 2024-25 Financial Statements for progression to the NDIA Board for approval and signing.

4.3 Participant Plan Provision and Residential Aged Care (RAC) Payable

Mr Gifford introduced the item and gave an overview of the key matters for the Committee's consideration, as set out in the paper, highlighting in particular

- Participant Plan Provision and RAC payable report as at 30 June 2025 recommends a Participant Plan Provision of $2,462.2 million and a RAC payable of $725.7 million.
- a data integrity adjustment factor was adopted in the Participant Plan Provision calculation to account for uncertainty arising from the national roll-out of PACE (as at 30

June 2024) which had introduced some volatility in payments and changes to processing patterns.

- the Australian National Audit Office (ANAO) have reviewed the Participant Plan Provision Report with support from KPMG Australia. KPMG Australia have completed their review and provided clearance to the ANAO.

The Committee discussed the Participant Plan Provision and participants that are still transitioning over to PACE, noting that the issues observed last year have mostly been resolved and there are no longer concerns that there are any material data integrity issues

Resolution

The Audit and Risk Committee endorsed the Participant Plan Provision and Residential Aged Care Payable.

Mr Breitkreuz left the meeting

5. Performance Reporting

5.1 Annual Performance Statements

Mr Maitland joined the meeting

Mr Gifford introduced the paper providing an update on the 2024-25 Annual Performance Statements, with results showing that for the 12 performance measures, 7 targets were achieved, and 5 targets were not achieved over the financial year.

Results for two performance measures have changed since the previous reporting period.

1 The Participant Social and Community Engagement rate has been revised due to a data correction, and
2 NDIS Quarterly Reports to Disability Ministers disclosed within prescribed timeframes measure has now been recorded as achieved.

The Committee discussed the Participant Service Guarantee (PSG) timeframes noting the poor performance of this metric and sought clarification from management on a timeframe to improve this metric along with a better understanding of the work needed to get better outcomes. Management confirmed there are plans in place to improve reporting metrics that will provide better analysis and demonstrated improvements to the PSG measure.

The Committee further discussed and agreed that the PSG metrics are no longer fit for purpose, and discussed the next steps required for a PSG refresh.

The Committee requested the narrative regarding the performance measures is tighter and more succinct for consideration by Board.

Resolution

The Committee agrees the statements are appropriate and with modifications recommend the Board Chair sign the Statement of Preparation for the 2024-25 Annual Performance Statements.

Mr Gifford and Mr Maitland left the meeting

5.2 2024-2025 Freedom of Information Data

Mr Flowers joined the meeting.

Mr Flowers introduced the paper highlighting the capability uplift the Agency is undertaking to improve the Agency's FOI compliance in the financial year 2025–26. That FOI requests received by the Agency in 2024-25 increased by 68.7%. Due to this significant increase in volume, the Agency's compliance with statutory timeframes has declined. Noting, that over the last 3 years, the closure of the requests for FY24/25 is significantly higher than that of previous years, however the increase resulted in the Agency's compliance with statutory timeframes declining.

The Committee further discussed the reduced compliance with statutory timeframes under the FOI Act and what has driven the increase of requests, as well as the probable risk to the Agency of exposure to criticism by participants / applicants to the Office of the Australian Information Commissioner.

Management provided insight to drivers increasing FOI requests such as Music and Art Therapy and new pricing decisions, noting under the legislation requests must be responded to individually. Additionally, when there is a delay in processing Participant Information Access (PIA) requests this poses a dual risk of increasing FOI requests and/or complaints. Currently 75% of FOI requests are participants seeking to access information to assist them in understanding decisions or to share information with their provider.

Mr Flowers left the meeting

5.3 Commonwealth Ombudsman - Draft Actions Speak report

Mr Maitland and Ms Thompson joined the meeting.

Mr Kurt Fearnley rejoined the meeting 10.36am

Mr Maitland introduced the paper and provided an overview of the Office of the Commonwealth Ombudsman's 'Actions Speak' draft report and the Agency's proposed response and the approach to mitigating risk associated with the report's release.

The Committee discussed the release (in late September 2025) of the report and the likely negative commentary stemming from the perception that the Agency is not addressing recommendations to improve the PSG and improve the participant experience.

The Committee further noted the PSG measures are outdated and misaligned with current operational contexts, agreeing that the PSG measures require a review to more accurately measure the Agency' s present day responsibilities to participants (which has significantly increased since the conception of the NDIS).

Mr McNaughton provided a brief update that he is meeting with s47F - personal privacy (Commonwealth Ombudsman) to discuss the agency proposed response, and the agreement from the Department of Health, Disability and Ageing on a proposed refresh of PSG measures and work program as discussed with Board at the July meeting.

The Committee and Mr McNaughton agreed on a potential deep dive topic, later in the year, for Board to provide their views on refreshed PSG metrics.

Mr Maitland left the meeting.

6. Risk Oversight and Management

6.1 Risk Settings 2025-2026

Mr Porter introduced the item and gave an overview of the key matters for the Committee's consideration, as set out in the paper, highlighting in particular:

- Proposed changes to the 2025-26 Risk Appetite Statement:
- provision of detailed descriptions, including zero tolerance for staff injury (per Ashton Review recommendations
- replacing the NDIA Values with the broader Australian Public Service Values
- simplify the language used to describe the risk appetite categories to provide clarity and direction for staff
- Updating the risk elements to be consistent with the 2025-26 Strategic Risks
- Outlining the risk ratings and SLT owners for the 2025-26 Strategic Risks

The Committee requested clarity on the Agency's enterprise risk register specifically the incident response plan for Cyber Security and how the Agency stores information (data storage). Management advised that data is stored onshore but noted data that is held by Providers in their own systems may pose a security risk which the Agency cannot control.

The Committee noted management's acknowledgement that the workplan should be updated earlier to ensure that the risk settings are approved by the Committee before the beginning of the financial year to which they relate.

Resolution

The Committee endorsed the draft 2025-26 Risk Appetite Statement and Strategic Risk ratings for Board approval and noted the proposed Strategic Risk exposure assessment approach.

6.2 NDIA Cyber Security Strategy

Mr Dardo joined the meeting.

s47E(d) - certain operations of agencies

s47E(d) - certain operations of ag The Cyber Security Strategy provides 4 main areas of investment:

1. Protecting participants, providers and partners, reducing the risk of cyber enabled fraud or information theft affecting participants, providers and partners.
2. Managing strategic cyber risks, moving the NDIA ahead of emerging threats and risks through proactive and predictive risk management.
3. Improving readiness and ability to respond and recover from incidents, ensuring that scheme and agency critical systems can be recovered from disruption.
4. Implementing modern security controls, improving our ability to quickly adapt and respond to modern cyber threats.

The Committee discussed the significant long-term investment that is required to continue delivering capabilities to mature the Agency's cyber security. s47E(d) - certain operations of agencies

s47E(d) - certain operations of agencies

The Committee further discussed data storage, seeking clarity from management on where NDIS data is stored. Management confirmed that NDIS data is stored onshore (within Australia) and that the use of cloud-based storage puts the Agency in a less vulnerable position.

6.3 Integrity Update

Mr Dardo introduced the paper, advising that the overall level of Strategic Risk – Integrity remains critical, however the investment into the Fraud Fusion Taskforce and the Crack Down on Fraud (CDoF) programs of work have substantially improved the Agency's ability to detect integrity losses that prior to 2022 were invisible.

s47E(d) - certain operations of agencies

Furthermore, the Fraud Fusion Taskforce, Crack Down on Fraud and Payment Integrity programs have improved the ability to detect provider risk and implement proactive Manual Payment Reviews. s47E(d) - certain operations of agencies

s47E(d) - certain operations of agencies

The Committee discussed the key integrity insights and programs and questioned if there is an appetite for increasing penalties for misuse of public monies – noting that the Attorney General Office has indicated that increased penalties is being reviewed but will be determined at the time by the magistrates.

The Committee sought assurance from Management integrity intervention programs do not negatively impact on genuine participants receiving appropriate supports. Management advised every intervention is supported with a participant safety intervention analysis.

The Committee thanked Mr Dardo and his team for the very important work they are doing.

Mr Dardo left the meeting.

6.4 Quarterly Risk Report

Mr Porter introduced the item and gave an overview of the key matters for the Committee's consideration, as set out in the paper, highlighting in particular:

- The 2025-26 Risk Appetite Statement and Strategic Risk ratings include simpler language, clarifications and updates to be clear and appropriate.
- Other strategic risks remain unchanged and reflect the very high risk that the agency carries for fraud and integrity matters. The Agency is continuing to closely monitor strategic risks with 12-month rating trends

The Committee discussed the Quarterly Risk report, noting the Agency is actively managing several operational issues and the improved reporting format. The Committee agreed there is further work to improve the linkage between emerging risks and issues and the strategic risks, but noted the revised report was an improvement.

The Committee further discussed the Agency's new approach to strategic communications, as evidenced through the recent Art and Music therapy report release, commenting positively on the campaign approach to bring the sector along and the excellent position this placed the Agency and the Board.

The Committee noted the Comcover Risk Management Benchmarking survey results which the Committee was comfortable with, the 2024-25 Quarter 4 Risk Snapshot Report and the revised Regulatory Obligation Management Framework.

Action 1: Mr Porter to further improve the current format of the Quarterly Risk Report and coverage of emerging risks.

Action 2: Mr Fejo requested an informal meeting with Mr Porter to discuss a few questions regarding the quarterly risks.

6.5 Legal Issues and Administrative Review Tribunal Program

Mr Cheever and Mr Flowers joined the meeting.

Mr Flowers introduced the item and gave an overview of the key matters for the Committee's consideration, as set out in the paper, highlighting in particular:

- s42 - legal professional privilege
- Office of Legal Services Coordination Legal Services Expenditure Reporting, noting the Agency's total legal expenditure for 2024-25 increased by 37%
- The Agency is working with the Office of Legal Services to provide further information on a participant case in the media where the Agency did not comply with legal directions

The Committee discussed the increase in costs, and potential drivers such as section 10 cases, ART timeframes and the importance of the Agency to review and manage performance from the panel law firms. Management advised the increase is attributed to the increase in matters being referred to the tribunal, noting the cost per matter has decreased. The Agency is proactive in providing feedback and meeting regularly to discuss capacity and how the law firms are managing the NDIA case load and this is an ongoing discussion ensuring the firms are meeting the needs of the NDIA.

The Committee noted that the Chief Counsel has signed the Certificate of Compliance and the Agency's Legal Services Expenditure Report 2024-25 prior to its submissions to the Attorney-General's Department for publication

Mr Cheever and Mr Flowers left the meeting.

7. Internal Control Framework

7.1 Finance Policy – Gifts and Benefits Refresh

Mr Breitkreuz rejoined the meeting.

Mr Porter introduced the paper and updated policy, confirming the revised policy incorporates feedback from Dr Ian Watt and the learnings from State and Federal Government gift and benefit policies.

The Committee discussed the revised policy, agreeing that it is clear and concise and provides improvements to prevent issues arising from inappropriate acceptance of gifts. The Committee further discussed the importance of declaring any gift or hospitality regardless of the value for transparency.

Action 3: Mr Porter to provide a briefing of the policy and changes to Mr Ian Watt.

7.2 Audit Management Report

Mr Porter introduced the paper and gave an overview of the key matters for the Committee's consideration, as set out in the paper and provided an update on key audit activities for this reporting period.

Mr Porter also noted that, in future years, the Agency will bring the Internal Audit Plan to Committee for endorsement before the beginning of the financial year to which it relates.

The Committee discussed:

- the rigorous internal audit program, agreeing that the comprehensive approach is necessary to address all the risks the Agency is exposed to.
- the importance of a clear timeline and view on the recommendations, requesting that they are brought forward to the Audit and Risk Committee on a 6 monthly basis and tracking the acquittal recommendations.

The Committee noted the change to the outsourced audit support with 2 additional firms contracted which will assist to prevent conflicts of interest where the current audit partner is carrying out work in other parts of the Agency.

Resolution

The Audit and Risk Committee approved the revised Internal Audit Strategy, Charter, and 2025-26 to 2027-28 Internal Audit plan.

The Audit and Risk Committee noted the status of the Internal Audit program, open audit issues and revised Audit Branch operating model.

8. External Audit Activity

8.1 ANAO Audit Activity Report

s47F - personal privacy, s47F - personal privacy and s47F - personal privacy introduced the paper and gave an overview of the key matters for the Committee's consideration, in particular noting some topics had been covered in items 4.1, 4.2 and 5.1 and that the Financial Statements are of very good quality (with improvement on previous FY23/24 reporting) and will be unmodified.

Board and Management have worked hard to improve the quality of outputs and thanked staff that have been delivering on the improvements.

9. Meeting Close

9.1 Other Business

The Chair and the Committee acknowledged the Fraud enquiries from the ANAO to the Audit and Risk Committee for response on the NDIA Financial Statements and Performance Statements Audits 2024–25, agreeing to meet next week with the full committee and to provide a response to the ANAO in a timely manner.

s47F - personal privacy brought to the attention of the Committee the recent audit and published report on the effectiveness of the NDIS Quality and Safeguards Commission's Regulatory Functions.

Action 4: Management to circulate the effectiveness of the NDIS Quality and Safeguards Commission's Regulatory Functions report that was tabled at parliament.

Action 5: Board Secretariat to arrange a 30-minute meeting for the Committee to discuss and respond to the ANAO enquiries of the NDIA Audit and Risk Committee for the NDIA

Financial Statements and Performance Statements Audits 2024–25 in the week commencing 15 September 2025.

Meeting Close

The Chair closed the meeting at 1.46pm.

The next Audit and Risk Committee meeting will be held on Thursday 13 November 2025 online via MS Teams.

These minutes are prepared by the Board Secretary in accordance with section 141 of the NDIS Act. At a meeting of the Audit and Risk Committee, a quorum is constituted by a majority of members. A quorum of members was present for all decisions made at this meeting.

Meeting of Audit & Risk Committee Minutes

19 September 2025
8.30am – 8.58am AEST
Malop Street, Geelong

Attendance

Committee members

Dr Graeme Innes, Chair

Ms Maryanne Diamond, Deputy Chair

Mr Mark Darras

Dr Denis Napthine AO

Dr Ian Watt

Board members

Mr Kurt Fearnley AO

Dr Richard Fejo

Dr Rhonda Galbally AC

Management representatives

Mr Scott McNaughton, DCEO Service Delivery

Mr Samuel Porter, DCEO Enabling Services/Chief Operating Officer

Mr Matthew Swainson, DCEO Legal, reviews, Actuarial & Data

Other attendees

Ms Jane Heffernan, BM Board Secretary, Ministerial and Parliamentary

s47F - personal privacy, EO to Board Chair

s47F - personal privacy, Assistant Director Board Secretariat

The Minutes are presented in the order that items were discussed.

1. Meeting open

1.1 Acknowledgement of Country

On behalf of the Committee, Dr Innes acknowledged the Traditional Owners and Custodians of the Country throughout Australia, in particular the Wadawurrung people whose lands the Committee was meeting on in Geelong.

1.2 Chairs Welcome and Open

The Chair opened the meeting at 8.30 am and welcomed Members and management to the meeting.

The Chair noted this is a follow-on meeting from the Audit and Risk Committee meeting on 12 September 2025 and apologised for the additional meeting because of leave undertaken by several committee members including the chair on the original scheduled date meaning some of the papers were late going out to Board.

2. Enquiries of the NDIA Board Audit and Risk Committee (BARC) NDIA Financial Statements and Performance Statements Audits 2024–25

The Committee discussed the circulated paper to inform the Committee's response to the enquiries posed by the ANAO. Overall, the Committee agreed that the information reflected the Committee's views but discussed increased cyber risks and noted integrity problems are not tolerable. The Committee agreed that it was warranted for the Board Chair and Audit and Risk Committee Chairs to provide an update to the Ministers regarding the approach to critical issues for Fraud and Cyber.

The Committee approved the Committee response as set out in the circulated paper and asked management to consider more rounded solutions for the next report.

Resolution:

The Audit and Risk Committee approved the written responses to the Enquiries of the NDIA Board Audit and Risk Committee (BARC) NDIA Financial Statements and Performance Statements Audits 2024–25 as circulated for provision to the ANAO.

3. Commonwealth Ombudsman – Draft Actions Speak Report

The Committee discussed the draft responses the Agency prepared around the Commonwealth Ombudsman's 'Actions Speak' draft report. Overall, the Committee agreed that the draft responses are good noting there will be questions into the next 12 months if metrics do not improve.

The Committee agreed that it would be prudent to have an ex-public servant review the Agency approach to implementing the actions in the report.

4. Participant Plan Provision and Residential Aged Care Payable

The Committee discussed the Participant Plan Provision (PPP) and RAC payable report, which underpins the participant plan provision and RAC payable reflected in the 2024-25 financial statements.

The Committee discussed a revised resolution for this paper which was discussed at the previous week's meeting noting that the PPP is not provided to the Board as set out in the resolution. Mr Porter read the revised resolution and the Committee agreed as below.

Resolution:

The Audit and Risk Committee noted the Participant Plan Provision and Residential Aged Care Payable analysis.

5. Meeting Close

The Chair closed the meeting at 08.58 am.

These minutes are prepared by the Board Secretary in accordance with section 141 of the NDIS Act. At a meeting of the Audit and Risk Committee, a quorum is constituted by a majority of members. A quorum of members was present for all decisions made at this meeting.

DOCUMENT 5

Audit & Risk Committee Minutes

Thursday 13 November 2025
MS Teams

Attendance

Committee members

Dr Graeme Innes, Chair

Ms Maryanna Diamond, Deputy Chair

Mr Mark Darras

Dr Denis Napthine AO

Dr Ian Watt

Board members

Mr Kurt Fearnley AO

Dr Richard Fejo

Management representatives

Mr Scott McNaughton, Acting Chief Executive Officer – all items

Mr Samuel Porter, DCEO Enabling Services | Chief Operating Officer – all items except in camera

Mr Matthew Swainson, DCEO Legal, Reviews, Actuarial & Data – all items except in camera

Mr John Dardo, DCEO Integrity Transformation & Technology Services – items 6.1, 6.2

Mr David Gifford, Scheme Actuary - item 4.1

Other attendees

Ms Jane Heffernan, BM Board Secretary, Ministerial and Parliamentary – all items except in camera

s47F - personal privacy, EO to Board Chair – all items except in camera

s47F - personal privacy, Director Board Secretariat – all items except in camera

s47F - personal privacy, Assistant Director Board Secretariat – all items except in camera

Mr Andrew Parsons, GM Audit, Risk and Resilience | Chief Risk Officer – all items except in camera

Mr Stuart Fisher BM Risk – all items except for in camera

Mr Michael Minney, Acting Chief Internal Auditor – all items except for in camera

Mr Chris Breitkreuz, Chief Financial Officer – items 4.1, 4.2, 7.1

Ms Phoebe Thompson, Chief Corporate and Commercial Officer – item 5.1

Ms Kitsa Papadopoulos, GM Fraud Fusion Taskforce and Integrity Capability items - 6.1, 6.2

Mr Tom McGregor, Chief Counsel - item 6.4

Mr Daniel Flowers GM Reviews and Information Release – item 6.4

s47F - personal privacy, Executive Director, Performance Audit Services Group, ANAO – all items from 3.1

s47F - personal privacy, Acting Executive Director, Performance Statements Audit Services Group, ANAO – all items from 3.1

s47F - personal privacy, Senior Director, Performance Statements Audit Services Group, ANAO – all items from 3.1

The Minutes are presented in the order that items were discussed.

1. Meeting open

1.1 Chair's welcome, Acknowledgement of Country and apologies

The Chair opened the meeting at 10.01am and welcomed Members and management to the meeting.

On behalf of the Committee, Dr Innes acknowledged the Traditional Owners and Custodians of the Country throughout Australia, in particular the Yugambeh people of the Bundjalung Country.

There were no apologies for this meeting.

1.2 Committee members' declarations of material interests

The Chair noted there were no updates to members' declarations of material interests.

2. In camera

2.1 In camera – Committee Members

The Committee held an in-camera session with acting CEO Mr Scott McNaughton. The Session commenced at 10.06am and concluded at 10.21am.

3. Administration

Management rejoined the meeting.

The Chair provided a verbal briefing on the following that the Committee discussed in camera:

- s47C - deliberative processes
- The critical rating for the Integrity Strategic Risk, noting the Committee's particular about the impacts of forecasted resource reductions in the Integrity Transformation and Technology Services divisions.

The Chair welcomed s47F - personal privacy, s47F - personal privacy and s47F - personal privacy from the ANAO.

3.1 Minutes of the Audit & Risk Committee

The Committee approved the minutes of the meeting 12 September 2025.

s47B - Commonwealth-State relations

3.2 Minutes of the Audit & Risk Committee

The Committee approved the minutes of the meeting of 18 September 2025.

3.3 Matters arising

The Committee sought an update from Management regarding the completion of the work for Clayton Utz and the remaining work to be completed and estimated time the report will be available for Board's review. Management advised the report has been finalised and will be circulated to Board.

Resolution:
The Committee noted the matters arising report, approving the closure of the items proposed to be closed subject to the following remaining open for future discussion:

Item 4. Meeting and agenda item: 5 June 2025, Audit and Risk Committee, 6.4 Quarterly Integrity Update

Summary: Board Secretariat to schedule a deep dive on potential legislative changes to support integrity measures at a future Board meeting.

3.4 2026 Draft Audit and Risk Committee Workplan

Mr Porter introduced the paper and gave an overview of the key matters for the Committee's consideration.

The Committee discussed the workplan and agreed that the addition of deep dives and reporting on the implementation of external review recommendations will assist in providing better oversight of Agency performance and material risks.

Resolution:
The Committee approved the proposed 2026 Audit and Risk Committee meeting schedule and workplan.

4. Financial Reporting

4.1 Finance Activity Update

Mr Breitkreuz and Mr Gifford joined the meeting.

Mr Porter introduced the paper and highlighting the first quarter compliance survey results.

s47C - deliberative processes, s47E(d) - certain operations of agencies s47C - deliberative processes, s47E(d) - certain operations of agencies

Mr Breitkreuz and Mr Gifford left the meeting.

5. Performance Reporting

5.1 Performance Activity Update Quarter 1 2025 to 2026

Ms Thompson joined the meeting.

Mr Porter introduced the paper, providing an overview on the Agency performance for Quarter 1 2025-26, highlighting a positive trend from 2024-25, with 2 performance measures improving, one decreasing and the others remaining stable.

The Committee noted the performance activity update is largely consistent with outcomes as per the previous report provided in September 2025.

Ms Thompson left the meeting.

6. Risk Oversight and Management

6.1 Integrity Update

Mr Dardo and Ms Papadopoulos joined the meeting.

Mr Dardo introduced the paper and gave an overview of the key matters for the Committee's consideration.

The Committee discussed the item in detail and noted:

s47E(d) - certain operations of agencies

6.2 Program of work to improve debt management in the NDIA

Mr Dardo introduced the paper and gave an overview of the key matters for the Committee's consideration.

The Committee discussed previous decision-making settings with the CEO as delegate on all debt management decisions. The Committee agreed that the delegation could be lowered to senior staff depending on the nature of the case, and the importance of sharing the load so that cases don't get backlogged.

The Committee also noted the importance of resourcing being distributed appropriately so work can continue and as cases decrease, those resources being redistributed into areas of higher priority.

Mr Dardo and Ms Papadopoulos left the meeting.

6.3 Quarterly Risk Report Quarter 1 2025 to 2026

Mr Porter introduced Mr Parsons, Chief Risk Officer, and introduced the paper providing an overview of the key matters for the Committee's consideration.

The Committee discussed concerns around the risk tolerances and trends in the report, seeking assurance from Management that the level of risk associated with the integrity strategic risk, and associated budget and resourcing constraints, continues to be monitored closely.

Management advised the Committee that it is discussing prioritisation of work and resources based on business requirements as a number of areas of the Agency are experiencing pressures. Mr Porter indicated that he would work with the incoming CEO on realigning the Agency's base funding and operating model to address these efficiencies and noted that the Agency has approached the market for a consultant to assist with this exercise in anticipation of the incoming CEO's arrival. Mr Porter also noted that:

- DCEOs received budget allocations in June, and were asked to use the Agency's existing processes for seeking additional resources if needed
- the Integrity Transformation and Technology Services group is significantly exceeding its June 2025 workforce allocations, which restricts the Agency's flexibility to respond to emerging resourcing pressures, and
- it is an expectation that all SES officers work within the Agency's existing processes and budgets.

The Committee raised concerns around the instability of Board over the next 6-9 months as appointments come to an end and the Committee agreed this needs to be captured as a risk in the risk report, and noted that the impending CEO transition also contributed to instability at the Agency. The Committee further discussed the importance of continued engagement with the Department to ensure appointments doesn't fall behind.

s47C - deliberative processes

Resolution:
The Committee:

- noted the Quarter 1 2025 to 2026 Risk Report.
- noted the New Framework Planning Delivery Confidence Review and **referred to the Board** for further discussion.
- **Did not** endorse the Strategic Risk Target Risk Ratings including the time to achieve them.
- endorsed the amendments to Mitigation Strategy.

Action 2: Mr Porter to come back to Committee with advice around risk ratings and time needed to achieve them.

6.4 Legal Issues and Administrative Review Tribunal Program

Mr Flowers and Mr McGregor joined the meeting.

Mr Swainson introduced the paper and gave an overview of the key matters for the Committee’s consideration including:

- resources and volume pressures and the flow on affect that will have on external legal costs.
- improving the speed in which ART cases are progressed for participants.
- s47E(d) - certain operations of agencies
- the importance of staff wellbeing while pushing through large workloads.

The Committee discussed:

- s47C - deliberative processes, s47E(d) - certain operations of agencies
- managing the ART workload with the current budget and resources and ensuring staff wellbeing is being considered by management.
- Types of cases coming before the ART including the use of AI by other parties in ART and FOI cases

Action 3: Mr Swainson to come back to the Committee with information on the validity of the University of Queensland ART and AAT database and whether the publication of this data has influenced decisions.

7. Internal Audit Control Framework

7.1 NDIA Risk Management Declaration 2025

Mr Porter introduced the paper and gave an overview of the key matters for the Committee’s consideration.

The Committee discussed the requirement for the annual risk management declaration for the Ministerial council and agreed the FY 2025 to 2026 attestation would need to include more contextual information before being presented to Board for review and decision in December. The Committee noted the importance of integrating the Agency’s risk management system with future resource allocation decisions and noted the possibility of qualifying the 2026-27 attestation if the Committee assesses that resources are not effectively aligned to risk mitigation and treatment.

Resolution:
The Committee endorsed for approval at the December Board meeting the draft Risk Management Declaration on an unqualified basis and the minor updates to the Risk Management Strategy.

Action 4: Mr Porter to add in contextual comments from discussion at Committee and come back to December Board.

7.2 Audit Management Report

Mr Porter introduced the paper and provided an update on key audit activities.

The Committee discussed in detail Contract Management processes and practices, in particular referencing the s47E(d) - certain operations of agencies

The Chair and Deputy Chair provided a verbal update on the recent meeting they attended with the external auditors regarding concerns around the report in context of the framework for procurement process and accessibility requirements particularly if this is a consideration during the process.

Action 5: Mr Porter to provide further information on ICT procurement and maintaining the Agency's intent on accessibility.

Action 6: Mr Porter to provide an update on non-compliant Labour Hire contract extensions and how many firms these pertained to.

8. External Audit Activity

8.1 ANAO Audit Activity Report

s47F - personal privacy, s47F - personal privacy and s47F - personal privacy introduced the paper and gave an overview of the key matters for the Committee's consideration, in particular highlighting:

- the final Closing Letter was issued to the Chair of the NDIA Board on 18 September 2025.
- lessons learned meeting with the finance team is scheduled for 20 November 2025.
- a planning meeting with the Chief Financial Officer expected to be held in November - December 2025 for the 2024-25 financial statements audit.
- the 2025–26 audit strategy will be provided to the Board Audit and Risk Committee out of session by the end of the calendar year.
- Scoping has commenced for the 3P performance audit.

The Committee discussed:

- in detail the cross-entity performance audit.
- the upcoming annual ANAO audit committee Chairs' forum on 5 December 2025, agreeing that, pending availability, Ms Diamond will attend as the Deputy Chair or Mr Darras.

9. Other business

No other business raised.

10. Meeting Close

The Chair closed the meeting at 1.23pm.

10.1 Next meeting

The next Committee meeting will be held on Thursday, 26 February 2026.

These minutes are prepared by the Board Secretary in accordance with section 141 of the NDIS Act. At a meeting of the Audit and Risk Committee, a quorum is constituted by a majority of members. A quorum of members was present for all decisions made at this meeting.