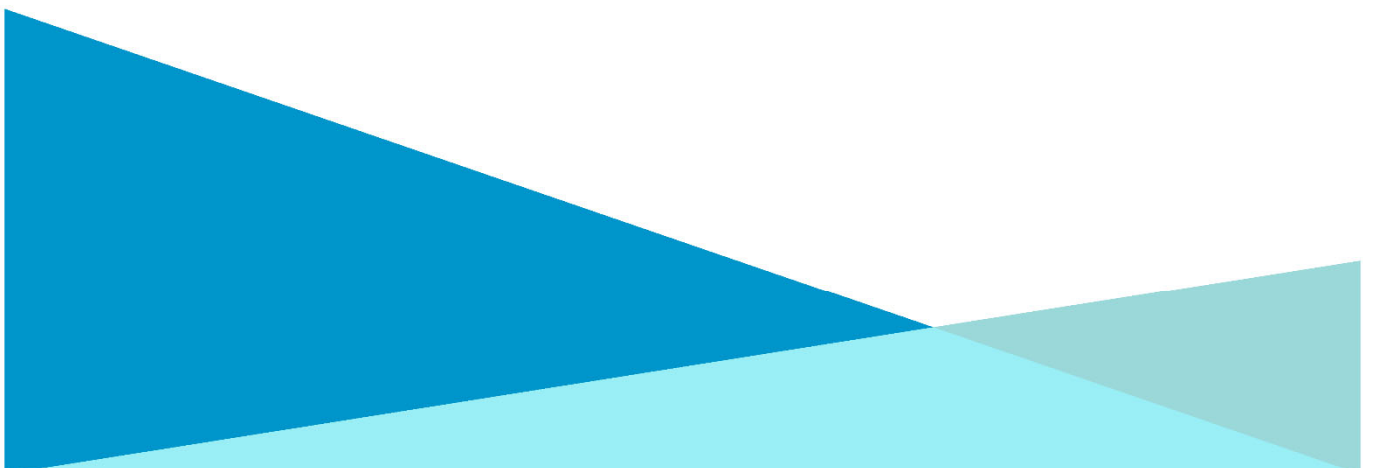




# **Audit and Risk Committee Terms of Reference**

**JUNE 2022**



# Audit and Risk Committee Terms of Reference

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## Background

The Financial Management and Performance Standard 2009 provides that where a Statutory Authority has an Audit and Risk Committee, the Authority must establish Terms of Reference for that Committee.

## Introduction

2.1 These Terms of Reference establish the authority and responsibilities conferred on the Audit and Risk Committee by the Board of the Authority, which reports to the Board on:

- a) Matters reviewed at each meeting and the Committee's recommendations about the matters including:
  - the internal audit plan for the current financial year;
  - progress with internal audit recommendations and actions relating to the preceding financial year;
  - a draft of the Authority's general purpose financial statements for the preceding financial year before the statements are certified under the *Financial Accountability Act 2009* and given to the Auditor-General for auditing; and
  - the Auditor-General's report about the Authority's general purpose financial statements for the preceding financial year.
- b) The capability of the Authority to achieve its corporate objectives and values;
- c) Corporate governance, risk management, internal controls, any fraud investigations, and all internal and external audit related matters; and
- d) The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other officers within the agency, or the reporting lines and responsibilities of functions associated with risk management, internal audit, or external audit.

2.2 The Audit and Risk Committee's responsibilities include providing assurance that:

- e) The credibility, appropriateness and objectivity of internal and external reporting is enhanced and remains appropriate;
- f) Corporate governance responsibilities are addressed (including the Authority's organisational structure and systems, policies practices and procedures);
- g) Internal control frameworks are appropriate;
- h) Laws and regulations are complied with;
- i) A risk management framework of policy, systems and processes is operative;
- j) The audit process and external reporting is effective; and
- k) Best practice is adopted where cost effective and feasible.

2.3 The Audit and Risk Committee will:

- a) Support measures to improve management performance, business systems and operational risk management and controls;
- b) Promote the need for public accountability to the government and the community including oversight of management efforts to educate staff on minimisation of fraud risk and to promote ethical behaviour by staff;
- c) Promote effective liaison between senior management, the internal audit function and the Queensland Audit Office;
- d) Oversee and appraise the quality of the internal and external audits conducted; and
- e) Provide recommendations to the Board and management as soon as possible after reviews and audits are undertaken and the relevant matters are considered by the Committee.

## Role and Authority

3.1 The Audit and Risk Committee is a sub-Committee of the Board appointed by and responsible to the Board of the Authority;

3.2 The Audit and Risk Committee is independent of management as it does not have:

- a) executive powers;
- b) authority to implement actions in areas over which management has responsibility;
- c) any delegated responsibility; and
- d) any management function.

3.3 The role of the Committee includes monitoring and review of the:

- a) integrity of financial documents;
- b) internal audit function;
- c) effectiveness and objectivity of those undertaking the internal audit function for the Authority; and
- d) process of risk management and Board governance.

3.4 The Audit and Risk Committee will report to the Board and provide appropriate advice and recommendations on matters it considers need action or improvement, in particular those matters relevant to its Terms of Reference to facilitate decision making by the Board.

## Independence and Access

4.1 The Audit and Risk Committee may need to liaise closely with management, the Queensland Audit Office and those undertaking the internal audit function to carry out its duties and responsibilities.

4.2 Whilst the primary responsibility for financial and other reporting, risk management, internal control and compliance with laws, regulations and ethics rests with management, the Audit and Risk Committee will exercise a monitoring and review role.

4.3 The Audit and Risk Committee will have unrestricted access to all information, including documents and personnel, in order to fulfil its oversight responsibilities, subject to probity.

- 4.4 The Audit and Risk Committee will have the right to request from management, independent professional advice when considered necessary, to obtain information from management and to consult directly with auditors.
- 4.5 The Audit and Risk Committee may manage its responsibilities via a schedule of activity to be considered at each meeting.
- 4.6 The Audit and Risk Committee is bound by the Authority's policy and standards and members may be required to complete confidentiality undertakings and to declare any matters where a conflict of interest may exist or be perceived to exist. This declaration is to be recorded in the report of the meeting.

## Membership

- 5.1 The Audit and Risk Committee will be comprised of two board members as nominated by the Board and one external representative. All members shall have full voting rights.
- 5.2 At least one member of the Committee will ideally have substantial experience in the public sector.
- 5.3 Membership of the Committee will be outlined in the "Register of Board and Committees".
- 5.4 Appointment of the members will be for an initial period of two years or as determined by the Board.
- 5.5 The CEO and the Manager Business Services shall attend the Audit and Risk Committee meetings except where the Audit and Risk Committee determines otherwise.
- 5.6 A Queensland Audit Office representative shall be invited to attend committee meetings, however, shall not be a member and shall not have voting rights. Other Authority officers may be required to attend Audit and Risk Committee meetings as required.

## Duties and Responsibilities

The duties and responsibilities of the Audit and Risk Committee include, but are not necessarily limited to, the following:

### 6.1 Corporate Governance, Financial Control and Risk Management:

- a) Review and recommend all significant changes to financial management policies, practices and processes and any particular matters identified in the Financial Accountability Act 2009, the Financial Management and Performance Standard and any associated regulations or policies;
- b) Review management and audit reports on the compliance with standards, effectiveness of systems for internal financial control, financial reporting and risk management, management and disclosure of unusual transactions and processes associated with significant procurement activities;
- c) Review half yearly reports on activities and any investigations relating to fraud prevention and security matters;
- d) Initiate special projects or investigations on any matter within these Terms of Reference or such other functions as assigned by the Board;
- e) Review and update the Audit and Risk Committee's Terms of Reference at the commencement of every term of the Board (3 years). This will include seeking feedback from the Board, and the QAO on the Terms of Reference in the light of developments in internal auditing standards and agency wide practices; and

- f) Review and report to the Board on the performance of the Audit and Risk Committee against its Terms of Reference and the annual audit plan. The annual review of the Committee's performance may be facilitated by an external party skilled in such reviews.

## 6.2 External Audit – Queensland Audit Office

At the completion of the final audit, the Audit and Risk Committee shall meet to review the final financial statements and the final management letters focusing in particular on:

- a) significant changes in financial management policies and practices;
- b) major judgmental areas;
- c) any significant audit adjustments;
- d) any proposed departures from accounting standards;
- e) management comments reflected in the management letters; and
- f) to enquire from the Queensland Audit Office if there have been any significant disagreements with management irrespective of whether or not these have been resolved.

Note: The appropriate management representative shall attend such meeting.

## 6.3 Internal Audit function

- a) The Audit and Risk Committee members shall approve the appointment of the persons who will undertake the internal audit function and will monitor and review the:
  - activities of those undertaking the internal audit function; and
  - effectiveness and objectivity of those performing the internal audit function.
- b) The Audit and Risk Committee members shall receive prior notice of any proposed termination of those performing the internal audit function;
- c) Review the GCWA Internal Audit Charter, and any subsequent amendments, and recommend it to the Board for endorsement.
- d) Review internal audit final reports and a summary of findings, recommendations, actions taken and not taken, in response to the recommendations;
- e) Review and recommend approval of a three (3) year Internal Audit Plan, and the associated financial budget for the internal audit function;
- f) Monitor the progress of the Internal Audit Plan and review all recommendations that have been classified as High or Medium in internal audits completed and review management's implementation of such recommendations;
- g) Ascertain that the activities undertaken by Internal Audit are in accordance with the GCWA Internal Audit Charter;
- h) Monitor whether Internal Audit is receiving the cooperation of all levels of management;
- i) Review developments in the field of internal auditing and standards issued by auditing and accounting bodies and other regularity authorities in order to encourage the use of best practice by those undertaking the internal audit function; and
- j) Review the GCWA Internal Audit Charter to ensure it remains relevant to the operations of the Authority and appraise whether the internal audit function is adequately resourced.

## Meetings, Records and Reporting Structure

- 7.1 The Audit and Risk Committee shall meet at least four times each financial year or as agreed by the Committee and may hold such additional meetings as the Chairperson shall decide, to fulfil its duties.
- 7.2 The Chairperson may call a meeting if requested to do so by any Audit and Risk Committee member, or the Queensland Audit Office.
- 7.3 A quorum shall consist of two members.
- 7.4 An appropriate representative of the persons undertaking the internal audit function will be invited to attend all meetings to present the internal audit report and provide reporting on management's actions with respect to outstanding recommendations.
- 7.5 Other Authority officers and management may be invited by the Audit and Risk Committee to attend the meetings, as and when required, to discuss any item affecting their respective roles.
- 7.6 The Queensland Audit Office representatives shall be invited to attend committee meetings and shall have the right to speak.
- 7.7 The Chairperson shall have input into the preparation of the agenda and shall be responsible for checking the minutes, including the Committee's recommendations about the matters reviewed at each Audit and Risk Committee meeting.
- 7.8 The agenda, supported by explanatory documentation, will be distributed to the Audit and Risk Committee members and to the Queensland Audit Offices one week prior to the meeting.
- 7.9 A copy of the minutes of the meeting will be provided to Audit and Risk Committee members within two (2) weeks after the meeting.
- 7.10 A written report about the matters reviewed at any Audit and Risk Committee meeting and any specific recommendations and key outcomes, will be presented, by the person selected to represent the Committee to the next Board meeting.
- 7.11 If the Chairperson is absent, the member chosen by the members present as the Chairperson for the meeting will preside.

### Revision History

Version	Status	Completed by	Date	Reviewed by	Date	Comments
V.01	Draft	Jodie Hosking	22.03.2022	Audit Risk Committee	02.06.2022	Updated template, specification of Board Term (3 years), inclusion of revision table ARC Endorsement: 02.06.2022
V1.0	Approved	Jodie Hosking	21.06.2022	Board	20.06.2022	Board Approval: 20.06.2022