

# Audit and Risk Management Committee charter

## The charter

The [Financial and Performance Management Standard 2019](#) (Standard) provides that a department must, and a statutory body may, establish an audit committee. The Standard also requires each accountable officer and statutory body to manage the strategic and operational risks of the agency.

This document, to be known as the Audit and Risk Management Committee Charter (Charter) of the Office of the Energy and Water Ombudsman Queensland (EWOQ), has been approved by the Energy and Water Ombudsman (EWO) as the accountable officer of EWOQ.

The purpose of the Charter is to outline the role, responsibilities, composition and operating guidelines of the Audit and Risk Management Committee (Committee) in accordance with the Standard and with regard to the Audit Committee Guidelines – Improving Accountability and Performance June 2012.

## Authority and independence

The Committee has no executive powers unless delegated to it by the EWO. The Committee is a committee of EWOQ and is directly responsible to the EWO. The Committee derives its independence from the composition of its membership. In order to discharge its responsibilities effectively and independently, the Committee needs to operate with a level of autonomy commensurate with its role and, in doing so, it has the authority to:

- access EWOQ's information, records and personnel for such purpose.
- request the attendance of any EWOQ employee, including executive staff and contractors, at Committee meetings.
- meet with EWOQ's internal and external auditors, as necessary.
- seek advice from external parties, as necessary.
- conduct or authorise investigations into matters within its scope of responsibility.

## Role

The role of the Committee is to provide independent leadership, advice and support to the process of obtaining assurance and assistance to the EWO concerning EWOQ's:

- external accountability responsibilities as prescribed in the legislation and standards listed in Appendix 1 of this Charter.
- the Risk, control and compliance frameworks.
- the Governance framework.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within EWOQ, or the reporting lines and responsibilities of either internal audit or external audit functions.

## Duties and responsibilities

The Committee is directly responsible and accountable to the EWO for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the Committee must recognise that primary responsibility for EWOQ's management rests with the EWO.

## Financial statements

Prior to recommending signing of the financial statements by the EWO, the Committee must ensure that management has an effective system in place for carrying out of the following:

- review the appropriateness of accounting policies.
- review the appropriateness of significant assumptions and critical judgements made by management in preparing the financial statements.
- review the financial statements for compliance with prescribed accounting and other requirements.
- review, with management and the external auditors, the results of the external audit and any significant issues identified.
- ensure there is proper explanation for any unusual transactions and their presentation.
- analyse financial performance and financial position and ensure there is proper explanation for significant trends and variation from budget.
- ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.
- review the Annual Report for accuracy and completeness.

## Risk management

- Review the risk management framework and process for identifying, monitoring and managing significant business risks, including fraud.
- Review the process for ensuring the maintenance of a register of key risks which is regularly reviewed and kept up-to-date.
- Review the effectiveness of EWOQ's risk management framework.
- Review the internal audit planning processes relating to the risks and threats to EWOQ.

## Internal control

- Review, through the internal and external audit functions, the process of providing assurance with respect to the adequacy of the internal control structure and systems, including information technology security and control.
- Review, through the internal and external audit functions, the process of providing assurance with respect to whether relevant policies and procedures are in place and up-to-date, including those for the management and exercise of delegations, and whether they are complied with.

## Performance management

Ensure that EWOQ management has in place an effective system for the carrying out of the following:

- review EWOQ's compliance with the performance management and reporting requirements of the [Financial Accountability Act 2009](#), the Standard and the Annual Report Guidelines for Queensland Government Agencies.
- review whether performance management systems in place reflect EWOQ's mission, goals and objectives.
- performance reporting using appropriate information, benchmarks, targets and trend analysis.

## Internal audit

- Review the proposed internal audit strategic plan and annual plan to ensure that they cover targeted risks and that there is appropriate co-ordination with the external auditor.
- Receive reports from internal audit on the results of their work and review any findings and recommendations and the response to them by management.
- Ensure internal audit has unrestricted access to the Chairperson of the Committee including any difficulties or restrictions on scope of activities, or significant disagreements with management, as required.

## External audit

- Consult with external audit on their function, audit plan and audit fees for the year.
- Review any findings and recommendations of external audit and the response to them by management.
- Ensure external audit has unrestricted access to the Chairperson of the Committee, as required.

## Fraud control

Review the framework and process for obtaining assurance with respect to EWOQ's fraud control.

- Review the framework and process for identifying monitoring and managing the risk of fraud.
- Review the effectiveness of EWOQ's fraud identification and management framework.

## Compliance

- Review the framework and process for monitoring EWOQ's compliance with relevant laws, regulations and government policies.
- Review the process for communicating the Code of Conduct to EWOQ personnel and for monitoring compliance with it.
- Review the findings of any examinations by regulatory agencies and any auditor observations relevant to the role of the Committee.

## Reporting

- Following approval by the Chairperson, circulate minutes of Committee meetings to the EWO, Committee members and invited guests as appropriate.
- Submit a report annually to the EWO summarising the Committee's activities, performance and achievements for that year. An interim program of the planned activities for the coming year also is to be provided.
- Submit further reports which may be requested by the EWO.

## Membership and meetings

### Membership

- Members are appointed by the EWO.
- Membership of the Committee consists of a minimum of three and a maximum of six.
- External membership will be sufficient to allow for at least equal representation on the Committee. A minimum of two members will be external to EWOQ.
- At least one external member will have financial expertise.
- At least one member will have expertise in the industry in which the agency operates.
- The term of appointment for external members is no more than three years and can be extended for a further term subject to the composition and skill requirements of the Committee.
- Members are appointed on the basis of personal qualities and skills and proxies are not permitted where an external member is unable to attend meetings.
- Member terms and conditions are to be disclosed in the Letter of Appointment.

### Chairperson

- The Chairperson will be appointed by the EWO.
- The Chairperson will be external to the agency.

### Secretary

- A secretariat function is provided by the EWO through the Chairperson to facilitate the Committee's meetings and reporting duties and provide support to the Committee.
- The Secretary will, on advice from the Chairperson, prepare and send notices of meetings and agendas and record all decisions of the Committee.
- The Secretary will table all correspondence, reports and other information relevant to the Committee's activities and operations.
- For matters pertaining to the Committee's role, the Secretary will liaise directly with the Chairperson.

## Meetings and attendance

The Committee will meet at least three (3) times in a year and the meetings will be agreed in advance.

- A quorum will consist of any three (3) members, one of whom is an external member.
- Committee determinations, outcomes and decisions will be encouraged to be made on the basis of collective consideration and consensus.
- A standing invitation to attend ordinary Committee meetings applies to the EWO and General Manager, Business Support .
- The Chairperson may hold a meeting in camera at any time with only Committee members and invitees selected by the Chairperson in attendance.

## Meeting agenda

- The Committee should determine its own agenda.
- The agenda and relevant papers will be distributed to members at least five (5) working days before meetings.

## Ethical practices

- Members are subject to the EWOQ Code of Conduct and will be required to make a written statement with respect to ethical practice and conflict of interest on appointment to the Committee.
- Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the Committee. The declaration must be made on appointment to the Committee and in relation to specific agenda items at the commencement of each Committee meeting and be updated annually.
- All Committee matters are to remain confidential to Committee members, except in the carrying out of Committee business.

## Relationships

### Internal audit

- The internal auditor will have a standing invitation to attend committee meetings for agenda items appropriate to the internal audit role.
- The Chairperson will communicate with internal audit as necessary.

### External audit

The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken.

- The external auditor will have a standing invitation to attend Committee meetings for agenda items appropriate to the external audit role.
- The Chairperson will communicate with external audit as necessary.

## **Other executive management committees**

The Committee shall liaise with other EWOQ committees as required, to ensure that:

- Its statutory and operational responsibilities are met.
- There is no material overlap between the functions and duties of the committees.
- There is frank and meaningful interchange of information.

## **Review of the Charter**

- The Charter will be reviewed at least every two (2) years and following any change to the role and responsibilities of EWOQ, by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities and relevant to the responsibilities of the EWO.
- All amendments to the Charter must be approved by the EWO.

## Metadata

- Version No: D0\_1
- Date: 30/07/2019
- Approved by: Jane Pirest
- Description/Comments/Amendment information: Updated document changing details regarding a quorum.
- Version No: V1\_1
- Date: 07/08/2019
- Description/Comments/Amendment information: Updated version noted by the Audit & Risk Management Committee
- Electronic version: R:\ORGANISATIONAL MANAGEMENT\COMMITTEE\ARMC\ARMC Charter V1\_0.docx

## Keywords

Audit and Risk Management Committee, Charter

# Appendix 1: List of applicable legislation

The following list is a list of State and Commonwealth legislation that may impact on the role of Audit and Risk Management Committee members.

The list is only a guide and other legislation and standards may apply.

## Commonwealth legislation

- *A New tax System (Good and Service Tax) Act 1999*
- *Fringe Benefits Tax Assessment Act 1986*
- *Privacy Act 1988*

## State legislation

- *Acts Interpretation Act 1954*
- *Anti-Discrimination Act 1991*
- *Auditor-General Act 2009*
- *Crime and Misconduct Act 2001*
- *Energy and Water Ombudsman Act 2006*
- *Financial Accountability Act 2009*
- Financial Accountability Regulation 2009
- Financial and Performance Management Standard 2009
- *Industrial Relations Act 1999*
- *Information Privacy Act 2009*
- *Public Sector Ethics Act 1994*
- Public Sector Ethics Regulation 1999
- *Public Service Act 2008*
- *Right to Information Act 2009*
- *Statutory Bodies Financial Arrangements Act 1982*
- *Work Health and Safety Act 2011*